



Cortina Holdings Limited

ANNUAL REPORT 2019



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Corporate Profile

The times may change but true style and quality last forever.

For over 45 years, Cortina Watch has established itself as a brand synonymous with impeccable, high-quality timepieces, renowned amongst discerning individuals.

As we progress towards our next phase of growth, we remain focused on our mission of being a leading retailer and distributor of luxury timepieces and accessories across the Asia Pacific region. We continue to expand our network of retail outlets, seeking opportunities in countries and cities with high growth potential, while augmenting and strengthening our presence in Singapore, Malaysia, Thailand, Indonesia, Hong Kong and Taiwan.

Our position in the industry is a result of the collective passion, foresight and diligence of our people. Our commitment and dedication to bringing you the best of luxury horology remains our utmost priority – by achieving that perfect balance through innovation, we continue to delight our customers with timepieces of the highest quality.

Chairman's Message

Lim Keen Ban, Anthony
Chairman & CEO



Dear Shareholders,

Cortina Holdings Limited (“the Group”) delivered another stellar performance for the financial year ended 31 March 2019 (“FY2019”) amidst a challenging business environment. The year in review proved to be an excellent one for the Group, as we enhanced our growth trajectory and achieved strong financial results on the back of increased sales margins, improved stock management and higher tourist arrivals.

Globally, economic growth moderated during the year, as geopolitical and trade uncertainties continued to weigh on market sentiment. Singapore’s economy grew 3.2% during the year in review, as growth eased in the light of rising protectionist tensions around the world. Notwithstanding this, the Group continued to leverage its strong business fundamentals, operational excellence and vibrant regional network to deliver a robust performance and enhance shareholder value.

Scaling New Heights

In FY2019, the Group continued to build on its strong foundations as it delivered record financial results. Total revenue remained steady at S\$460.8 million. Meanwhile, net profit surged 33.2% to reach a new high of S\$30.8 million this financial year, from S\$23.1 million in FY2018. Contributing to the uptick in our bottom line was our good sales mix and improved sales margins, which climbed to 25.3% in FY2019 compared to 23.2% in the previous financial year. Driving the higher sales margin was the price resilience of our products, in tandem with the sustained demand for luxury watches buoyed by increased tourist arrivals.

Alongside the robust expansion in revenue and profit, FY2019 saw the Group generating net operating cash inflow of S\$83.2 million. Meanwhile, net asset value per share registered an increase to 120.4 cents, compared to 107.7 cents in FY2018, and earnings per share rose to 17.5 cents, up from 13.5 cents in the previous financial year.

Elevating Customer Experience

Propelled by our forward-looking and proactive strategy, we persisted in driving sustainable growth and ensuring value creation, alongside our quest to enhance customer experience. As part of our continuing efforts to augment performance, we strive to improve operational efficiency while reviewing the performance of our retail outlets regularly to optimise same-store sales. At the same time, we will continue to refurbish our stores to enhance customer experience, offering private, elegant environments for watch aficionados to indulge their desires for luxury timepieces.

We enlarged our boutique at IMAGO Shopping Mall in Kota Kinabalu, Sabah. From two shop lots housing Rolex and several other brands, the boutique now occupies three lots with a total of 3,500 square feet ("sq ft") – up from about 2,100 sq ft before the upgrade. With the expanded space, we took in new brands, including Breguet, Blancpain, Cartier, Glasshutte and Panerai, and repositioned the brands showcase to take full advantage of the new layout. We expect to officially unveil the revamped boutique in a soft launch during the second half of 2019.

Meanwhile, our multi-brand boutique in Central Embassy Mall Bangkok, Thailand, which opened in FY2018 has continued to deliver steady growth on the back of its prime location at a luxury shopping destination.

At the same time, we continued to embark on initiatives to refurbish our stores, in our quest to heighten customer experience and enhance our brand. The financial year saw us upgrading a number of our boutiques, as we remained committed to raising the bar in customer satisfaction.



From top clockwise: Cortina Watch at IMAGO Shopping Mall, Kota Kinabalu, Malaysia.

Chairman's Message

Positioning For the Future

At Cortina Holdings, we recognise the importance of enhancing our brand through strengthening our long-term relationships with customers. The financial year saw us hosting a series of marketing events, aimed not only at growing our brand equity, but also driving brand loyalty and heightening customer satisfaction.

On the digital connectivity front, we launched an e-commerce platform on our website during the year. Featuring selected brands and models, this platform brings our luxury timepieces to a wider customer base, while allowing us to enhance our competitive edge and deliver greater convenience for our customers online.



Vacheron Constantin Exhibition at Paragon.



Throughout the year in review, we persisted in maintaining a prudent capital management approach to ensure a robust balance sheet. Bearing testament to our efforts, the Group recorded a net cash position. With our sizeable balance sheet strength and positive financial performance, we are well-positioned to seize strategic opportunities to expand our regional network in the road ahead.

Fostering Social Sustainability

We continued to uphold our commitments as a responsible corporate citizen. During the financial year, the Group remained dedicated to enhancing lives and building communities, as we contributed towards the arts, sports events and charitable organisations across Singapore. These included our donations to the SHF Charity Cup Golf Tournament and Golf for Life, which raised funds for the Singapore Heart Foundation and Life Community Services Society respectively. We also contributed to the local arts scene with a donation to the WILDRICE Ball, and lent our support to the triathlon team, New Moon Khcycle.

Outlook

Looking ahead, macro-economic growth for 2019 is expected to soften, with the International Monetary Fund and the World Bank moderating their global growth forecasts in anticipation of dampened trade across the US, Europe and Asia, amidst continuing trade tensions. Despite the muted outlook, the Group is well-positioned to weather the uncertain market conditions given our resilience that has been built up over numerous business cycles.

Moving forward, our strong performance over the past two years and robust balance sheet will stand us in good stead as we capitalise on strategic growth opportunities and deliver sustainable long-term value for our shareholders. Leveraging our vast expertise

in the luxury watch business, we remain committed in enhancing our competitiveness while continuing to uphold a prudent approach to augmenting our presence in markets with high growth potential.

Appreciation

Our stakeholders contributed to the Group's outstanding performance in FY2019. My sincere appreciation goes out to the Board of Directors for their wisdom and expertise in steering the Group to another outstanding year. I would like to thank our partners for their unwavering support, as well as our management and staff for their dedication and commitment throughout the past year. I am also grateful to our shareholders for their continued loyalty and confidence.

In view of the Group's robust financial performance, I am pleased to inform that the Board of Directors has proposed a final and special tax-exempt cash dividend of 2.0 cents and 3.5 cents per ordinary share for FY2019, subject to the approval of shareholders in the next annual general meeting to be held on 26 July 2019. This marks an increase of 22.2% over the previous financial year.

Anchored on our robust business fundamentals, we remain focused on creating value and delivering sustainable returns for our shareholders for the long term.

Lim Keen Ban, Anthony

Chairman & CEO

Events of the Year



Singapore

Cortina Watch x Rolex
Baselworld 2018



Cortina Watch teamed up with Burda - Augustman and PIN Prestige to host the Rolex Baselworld 2018 event on 8 May 2018 at Rolex Boutique by Cortina Watch at Marina Square.

Close to 200 guests turned up for the evening cocktail event, many of whom were first-timers to the Rolex Boutique. Guests were brought on an experiential The Rolex Way tour and strolled throughout the boutique to view the latest creations in the Rolex Oyster collection. The browsing experience enabled Cortina to deepen connections with VIPs and engage new faces from Burda's inviting pool of VIPs.



Cortinawatch.online

E-commerce Launch Party

@ Zouk

Cortina Watch officially launched its e-commerce website *cortinawatch.online* on 29 August 2018, Wednesday. This platform is to attract a new customer base and enhance the shopping experience for users and commence Cortina Watch's foray into the growing e-commerce landscape.

The launch party was held at Capital, Zouk Singapore to commemorate this digital milestone in Cortina Watch's 46 years. The event received much fanfare as over 300 guests were entertained with a special drumming performance, an iPad magician and interactive games. Exciting instant-print photo booths dedicated to our brand partners were stationed about the venue. Reflecting each brand's unique style, guests could pose creatively with their friends and receive the interesting keepsakes immediately.

The site combines a sleek layout showcasing gorgeous timepieces from popular brands with subtle links to Cortina Watch's main website and social media. Users can access e-guides on the specific functions of timepieces and explore the 'Find a Watch' function – a tool incorporated with a 'personal' touch to understand the needs of users – for different occasions. For a start, deliveries are only available in Singapore, Malaysia, and Thailand. Cortinawatch.online is not just for technologically-savvy millennials but also for anyone with love for horology and collecting exclusive watches.

"cortinawatch.online wholly embraces our vision not only to enter the growing luxury e-commerce space but also to strategically complement and build our business core, our brick-and-mortar boutiques, alongside the rise of the digital age as we combine 'Offline' with 'Online' channels.", said Cortina Watch Chief Operating Officer, Mr. Jeremy Lim.

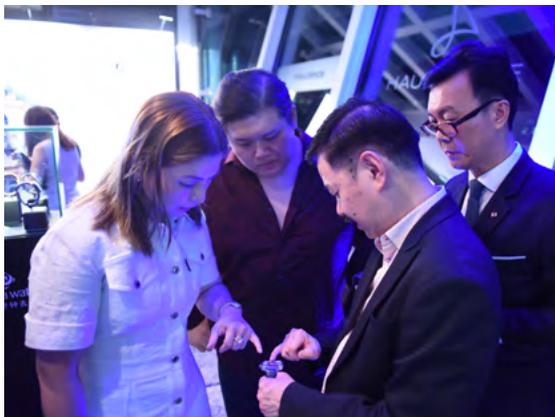
In conjunction with the launch, Cortina Watch had teamed up with its brand partners, TAG Heuer and Bell & Ross to curate exclusively online limited editions. Both editions received overwhelming responses with Bell & Ross tipping the top with a sold-out record under 56 hours.



Cortina x Hautlence x Eric Cantona Cocktail Event

On 13 November 2018, HAUTLENCE and Cortina Watch hosted exclusive evening cocktails to launch the HL Vagabonde, HAUTLENCE X CORTINA WATCH Limited Edition timepieces. Comes in red gold, this collection was inspired by the "wandering hours" system invented in the 18th century. There are only 5 of this exquisite timepiece in the world, which was made to commemorate a long-standing partnership between Cortina Watch and HAUTLENCE.

The event was graced by Mr. Jeremy Lim, COO of Cortina Watch, Mr. Bertrand Meylan, CEO of Melb Asia Ltd., and Mr. Eric Cantona, Brand Ambassador of HAUTLENCE. Guests enjoyed themselves over canapé and cocktails. At the same time, they indulged in art jam activity where they got the chance to be artistic and customize their very own art canvas. Represents HAUTLENCE #BornFromColors, the art jam activity received positive feedback from the guests.



Cortina Watch x Vacheron Constantin “One of Not Many” Exhibition

Vacheron Constantin presented “One of Not Many” Exhibition in Singapore in partnership with Cortina Watch

The opening night of the “One of Not Many” Exhibition by Vacheron Constantin and Cortina Watch was held at the main atrium of The Paragon, Singapore on 18 October 2018. Over a hundred guests and prominent media titles graced the grand opening, where the event commenced with warm welcome remarks by Mr. Jeremy Lim, COO of Cortina Watch and Mr. Yassin Tag, MD of Vacheron Constantin SEA & Australia.

“One of not many” defines the exceptional universe Vacheron Constantin has embodied for more than 260 years. The curated exhibition, which ran from 17 to 23 October 2018, was dedicated to connoisseurs to experience the brand’s philosophy, exhibiting Maison’s profound attachment to human values and expertise passed on across generations of artisans and master watchmakers. A watchmaker from Vacheron Constantin was also invited to host watchmaking sessions during the exhibition, to carefully demonstrate their unique craftsmanship and mechanism of their fine watches. Two sessions of the watchmaking were held during the opening night, where guests were able to spectate the remarkable process. Watchmaking sessions were held over the weekend as well.

The highlight of the exhibition was the newly launched Fiftysix collection, alongside with the Maison’s Patrimony, Traditionnelle and Overseas collections – featuring a range of mid to high complications including the exclusive Traditionnelle Tourbillon, Overseas Ultra-thin Perpetual Calendar, Patrimony Ultra-thin Calibre 1731 and Traditionnelle Calibre 2253.

The memorable night of guests mingling and experiencing the exhibition was accompanied with an exquisite selection of canapes and wines, framed with alleviating tune.



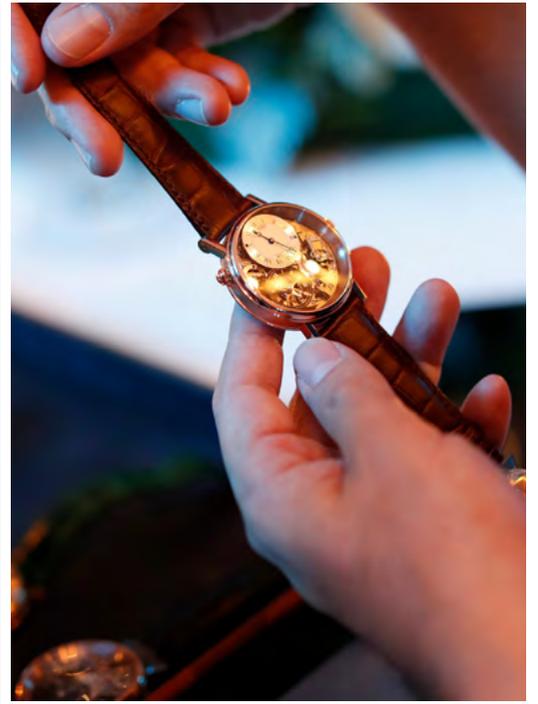
Events of the Year



Malaysia

Breguet

VIP Private Dinner



Cortina Watch Malaysia and Breguet hosted a VIPs' private dinner at Lafite in Shangri-La Hotel on 26 April 2018 to preview the Breguet iconic collections.

Prosecco and canapés flowed freely at the beginning of the event, while guests browsed and admired the stunning and sophisticated timepieces that were on display. Fine French cuisine, with some courses being the Chef's Signature Dishes, was the epicurean choice for this Intimate Dinner. A soprano singer with beautifully strong vocals mesmerized the crowd and livened the atmosphere in the cozy restaurant while appetizers were being served.

Watches borne on trays were then presented to and circulated amongst the seated diners for a close-up and hands-on experience. With the delicious dinner, stellar music performance, and valued VIPs praising the detailed artistry of the Breguet timepieces, this Intimate Dinner with Cortina Watch Malaysia and Breguet was indeed a night to remember for all.



Cortina x Tag Heuer An Exhibition Paying Tribute To Avant-garde Watchmaking

7 January 2019, Kuala Lumpur – TAG Heuer was the first to ring in the New Year at Suria KLCC, with a pop-up exhibition highlighting TAG Heuer Avant-Garde Watchmaking and unique legacy through exclusive and historical timepieces.

Curated by Catherine Eberlé-Devaux, TAG Heuer Heritage Director, the exhibition is a tribute to TAG Heuer's watchmaking innovations since 1860. Creator of many firsts in Swiss watchmaking, TAG Heuer is relentlessly striving to bring additional technical performances to its iconic timepieces, from achieving ultimate accuracy to developing disruptive designs reflecting the brand's unique spirit.

The final highlight is a race car Porsche 911, visible in its Gulf Heuer livery, tribute to the relationship between Gulf Oil and TAG Heuer since the 70s, and of course a reminder of Steve McQueen in his legendary role in the movie Le Mans, where he chose the TAG Heuer Monaco to wear throughout the filming.

The opening exhibition was graced by Amelia Sillard, Vice President of TAG Heuer Southeast Asia, Tay Liam Khoo, Managing Director of Cortina Watch Sdn Bhd, Andrew Brien, Chief Executive Officer of Suria KLCC and Francis Tan, Chief Operating Officer of Suria KLCC.



Events of the Year



Indonesia

Patek Philippe:
An Exclusive Discovery
Of 2018 Novelties



Patek Philippe, in collaboration with its exclusive partner in Indonesia, Cortina Watch, hosted 2018 collection previews for a selected group of VIPs and local media on 23 and 24 May 2018.

Held in the Patek Philippe boutique at Plaza Indonesia, Jakarta, guests had the privilege to discover the brand's novelties first hand, over evening cocktails. The Patek Philippe team were also on hand to share greater insights on each of the new introductions. Highlights on showcase included the Nautilus Perpetual Calendar – the first grand complication in this sporty collection –, a pair of Calatrava Pilot watches, and the rose gold "jumbo" Golden Ellipse.

The cocktail reception was followed by sit-down dinners at Altitude Grill and GAIA, giving guests the opportunity to connect over their mutual love for horology, while enjoying a beautiful dining experience with stunning views of the Jakarta cityscape.



Patek Philippe: Memory of the Future

On 31 July & 1 August 2018, Patek Philippe hosted Perpetual Calendar - Memory of the Future events in Jakarta, Indonesia with its exclusive partner, Cortina Watch. Four sessions were held for VIPs & local media entities at the Alto Restaurant & Bar, Four Seasons Hotel.

Presented in a classroom session, Ms. Deepa Chatrath, General Manager of Patek Philippe S.E.A., introduced guests to the evolution of time, the history of watchmaking and watchmaker contribution to the calendar watches, and Patek Philippe Perpetual Calendar specificities.

The classroom session continued with Patek Philippe Perpetual Calendar discovery through workshops and watchmaker presentation. During the workshops, guests were given the privilege to preview Patek Philippe's newly launched collections, including the first Nautilus perpetual calendar 5740/1G, legendary Grand Complication 5270P & classic 5524R & 7234R pilot timepieces.

The event marked an enjoyable ending with fine-dining experience and excellent conversations across luncheon and dinner.



Events of the Year



Thailand

Jaquet Droz
Baselworld Collection:
Let There Be Art

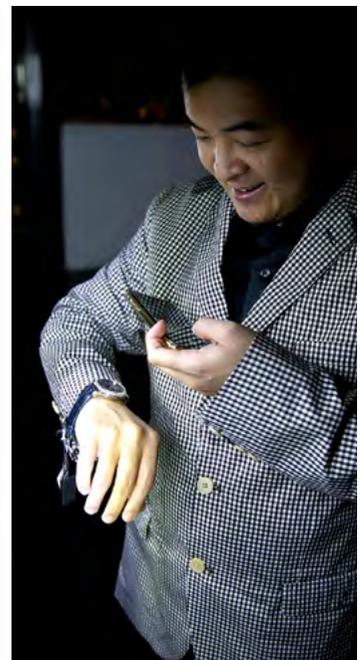
On 28 June 2018, Jaquet Droz and Cortina Watch Thailand co-hosted an exclusive Dinner & Viewing to reveal the 2018 Baselworld Novelties collection. The event took place in the heart of Bangkok at the prestigious St. Regis hotel.

For this special occasion, guests had the opportunity to paint handmade candles during a unique workshop curated by the independent artist and sculptor Ekachai Phuaphanpanyophat.

Attendees discovered the main novelties of Baselworld 2018 during the VIP seated dinner. Spectacular timepieces such as the Grande Seconde Skelet-One, the Lady 8 Petite and the Grande Seconde Moon were brought to the tables personally by the Jaquet Droz team.

The Automata timepieces – Bird Repeater, Loving Butterfly Automaton – offering customization and ordering of unique pieces were also extremely well-received by guests present.

Some watches tell time, Some tell a story.





Taiwan

Patek Philippe
Knowledge-sharing Event



On 15 November 2018, sixteen VIPs were invited to participate in a knowledge-sharing event at Patek Philippe Taipei 101 boutique. This event consisted of keynote speeches and panel discussion with the topics of Swiss brand power and Patek Philippe's craftsmanship.

The event began with a boutique tour and watch appreciation, followed by a presentation on Patek Philippe's service commitment and restoration techniques. Distinguished guests enjoyed the afternoon with an inspirational talk and energised discussion.



Board of Directors



Lim Keen Ban, Anthony

Lim Keen Ban, Anthony is one of the founders of our Group and was appointed Managing Director in 1972. He is currently the Chairman and Chief Executive Officer (CEO) and is responsible for the overall management, strategic planning and business development of the Group. In addition, Mr Lim also heads the distribution business and was instrumental in building up the distribution business over the last 20 years. He has over 45 years of experience in the business of watch retailing and distribution and has gained extensive knowledge of the industry over the years. Mr Lim was the President of the Singapore Clock & Watch Trade Association from 2002 to 2008.



Lim Jit Ming, Raymond

Lim Jit Ming, Raymond is an Executive Director of the Group since 1992. He was appointed in 2011 as the Group's Deputy Chairman and Deputy Chief Executive Officer. He plays a pivotal role in assisting the CEO in the overall management, strategic planning and is actively involved in the development of new markets. He has been with the Group since 1980 and has over 20 years of experience and know-how of the watch retail and distribution industry.



Yu Chuen Tek, Victor

Yu Chuen Tek, Victor is our Director since 1987 and was appointed Executive Director in 1995. He is now the Senior Executive Director of the Group. His main portfolio includes strategic planning and overseeing the finance and corporate affairs to ensure the Group's growth is aligned with our corporate objective. Mr Yu holds a Bachelor of Business Administration degree from the University of Singapore.



Lim Jit Yaw, Jeremy

Lim Jit Yaw, Jeremy is an Executive Director of the Group since 2002. He was appointed the Chief Operating Officer of Cortina Watch Pte Ltd in 2011. His duties include the management of the overall operations and merchandising of retail outlets in Singapore, Thailand, Malaysia and Indonesia. Prior to joining us in 2000, he was an audit senior with KPMG Singapore from 1997 to 2000. Mr Lim graduated from Edith Cowan University, Australia with a Bachelor of Business majoring in Accounting and Finance. Mr Lim has been the President of the Singapore Clock and Watch Trade Association since April 2012.



Chin Sek Peng, Michael

Michael Chin is the Managing Partner of PKF-CAP group of entities including PKF-CAP LLP, a firm of chartered accountants based in Singapore. He is also the co-founding Director of PKF-CAP Advisory Partners Pte Ltd, a company engaged in the provision of consultancy and business advisory services.

Michael started his audit training in London. After qualifying as a chartered accountant, he joined legacy Price Waterhouse and worked in UK, Europe and Singapore from 1983 to 1994.

In 1994, he joined the Institute of Singapore Chartered Accountants (“ISCA”) as the first Practice Review Director, heading, running and regulating the compliance of work standards of all audit practices in Singapore. In 1999, Michael joined legacy Arthur Andersen as a partner in its Assurance and Business Advisory division and in 2002 he left the firm to set up his own audit and consultancy practices with other partners.

He holds a Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University in the United Kingdom and is a Fellow (practising) Chartered Accountant of Singapore and a Fellow Member of the Institute of Chartered Accountants in England and Wales. He was formerly a Council member of ISCA as well as the Chairman of The Public Accounting Practice Committee. He continues to be a member on the Senior Quality Assurance Advisor panel review programme.

Michael serves as Independent Director mainly in the capacity as Audit Committee Chairman to several public companies listed on the Singapore Exchange and is a member of the Institute of Internal Auditors, Singapore.

Board of Directors



Lau Ping Sum, Pearce

Lau Ping Sum, Pearce was appointed Independent Director since 2002. He has held management positions in both the public and the private sectors. Mr Lau was the Member of Parliament for Yio Chu Kang and the Ang Mo Kio GRC from 1980 to 1996. He is a director of several publicly listed companies. Mr Lau holds a Bachelor of Economics from the Australian National University and a Diploma in Business Administration from the then University of Singapore. He is a member of the advisory committee on translation and interpretation at Singapore University of Social Sciences (SUSS) and a member of the Institute of Directors.



Lee Ah Fong, James

Lee Ah Fong, James was appointed Independent Director on 15 April 2010. James was a civil servant before becoming a practising lawyer in 1981. He is currently a partner of law firm Ng, Lee & Partners. James is the Chairman of Yuying Secondary School Management Committee and has been serving in various capacities in Non-Government Organisations and clan associations for many years.



Foo See Jin, Michael

Foo See Jin, Michael is one of the founders of our Group and was a Non-Executive Director of our Group since 1972. He was designated as Independent Director since November 2013. He has been in the food and beverage industry for over 37 years.



Long Foo Pieng, Benny

Long Foo Pieng, Benny was appointed as Non-Executive Director of our Group from 2000. He was designated as Independent Director since November 2013. Prior to joining us, he was an aircraft engine specialist with Pratt and Whitney Canada (S.E.A) Pte Ltd. Mr Long holds an Associate Degree in Aviation Maintenance Technology from Embry-Riddle Aeronautical University in Florida, the United States of America.



Chuang Keng Chiew

Before joining the legal profession in 1998, KC Chuang as he is commonly known, was a Chemical Technologist in a large multi-national oil and gas company for many years before pursuing a career in law. KC Chuang was called to the English Bar in 1996 and admitted to the Singapore Bar in March 1998.

He was a Director of Advent Law Corporation from 1 November 2003 to 31 December 2014. KC Chuang was appointed as a Consultant in Advent Law Corporation since 1 January 2015 and remains as a shareholder of the firm.

KC is active in the community at large. Currently he volunteers at Punggol North on a weekly basis and runs the legal clinic at Punggol 21 CC on a monthly basis. He is also the Secretary of Singapore Hainan Society and Advisor to the Singapore Chong Clan Association.

Past positions held by KC in the community including President of the Singapore Chong Clan Association, Treasurer and Vice President of Hainan Business Club, and Assistant Secretary of Hainan Hwee Kuan.

Additional Information on Directors

| | Lim Keen Ban, Anthony | |
|--|---|--|
| Date of appointment | 15 December 1972 | |
| Date of last re-appointment (if applicable) | 21 July 2016 | |
| Age | 84 | |
| Country of principal residence | Singapore | |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr Lim as a Director of the Company at the AGM 2019 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Lim's contributions, qualifications, expertise and past experiences. | |
| Whether appointment is executive, if so, the area of responsibility | Yes, he is responsible for the overall management, strategic planning and business development of the Group. | |
| Job Title (e.g. Lead ID, AC Chairman, AC member, etc.) | - Chairman - Chief Executive Officer | |
| Professional qualifications | None | |
| Working experience and occupation(s) during the past 10 years | He has over 45 years of experience in the business of watch retailing and distribution and has gained extensive knowledge of the industry over the years. He was the President of the Singapore Clock & Watch Trade Association from 2002 to 2008. | |

| | Lim Jit Ming, Raymond | Yu Chuen Tek, Victor | Lim Jit Yaw, Jeremy | Chin Sek Peng, Michael |
|--|---|--|---|--|
| | 5 November 1992 | 6 June 1985 | 27 June 2002 | 13 September 2007 |
| | 26 July 2018 | 26 July 2018 | 21 July 2017 | 21 July 2017 |
| | 59 | 66 | 48 | 63 |
| | Singapore | Singapore | Singapore | Singapore |
| | Not applicable as Mr Lim is not subject to re-election at the AGM 2019. | Not applicable as Mr Yu is not subject to re-election at the AGM 2019. | Not applicable as Mr Lim is not subject to re-election at the AGM 2019. | Not applicable as Mr Chin is not subject to re-election at the AGM 2019. |
| | Yes, he plays a pivotal role in assisting the CEO in the overall management, strategic planning and is actively involved in the development of new markets. | Yes, his main portfolio includes strategic planning and overseeing the finance and corporate affairs to ensure the Group's growth is aligned with the corporate objective. | Yes, his duties include the management of the overall operations and merchandising of retail outlets in Singapore, Thailand, Malaysia and Indonesia. | No, the appointment is non-executive. |
| | <ul style="list-style-type: none"> - Deputy Chairman - Deputy Chief Executive Officer | <ul style="list-style-type: none"> - Senior Executive Director - Member of Nominating Committee | <ul style="list-style-type: none"> - Executive Director | <ul style="list-style-type: none"> - Lead Independent Director - Chairman of Audit Committee - Member of Nominating Committee |
| | None | Bachelor of Business Administration degree from University of Singapore. | Bachelor of Business majoring in Accounting and Finance from Edith Cowan University, Australia. | Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University in the United Kingdom. He is a Fellow (practising) Chartered Accountant of Singapore and a Fellow Member of the Institute of Chartered Accountants in England and Wales. |
| | He has been with the Group since 1980 and has over 20 years of experience and know-how of the watch retail and distribution industry. | He has been with Cortina Holdings Limited since 1987 and was appointed Executive Director in 1995. He is now the Senior Executive Director. | <p>He has been with the Group since 2002 and has over 15 years of experience and know-how of the watch retail and distribution industry.</p> <p>He has been the President of the Singapore Clock and Watch Trade Association since April 2012.</p> <p>He is a council member of the Singapore Chinese Chamber of Commerce & Industry (SCCCI) 60th Council.</p> | <p>He is the Managing Partner of PKF-CAP group of entities including PKF-CAP LLP, a firm of chartered accountants based in Singapore and a Board member of PKF International Asia Pacific region. He is also the co-founding Director of PKF-CAP Advisory Partners Pte Ltd, a company engaged in the provision of consultancy and business advisory services. As a professional accountant, Mr Chin has extensive experience in external and internal audit work. He has also been in charge of engagements involving litigation support, fraud investigation, financial due diligence, valuation, IPO reporting and advisory work.</p> <p>Mr Chin serves as Independent Director mainly in the capacity as Audit Committee Chairman to several public companies listed on the Singapore Exchange and is a member of the Institute of Internal Auditors, Singapore and a member of the Singapore Institute of Directors. He was formerly a Council member of the Institute of Singapore Chartered Accountants ("ISCA") and the Chairman of the Public Accounting Practice Committee of ISCA.</p> |

Additional Information on Directors

| | Lim Keen Ban, Anthony | |
|--|---|--|
| Shareholding interest in the listed issuer and its subsidiaries | Deemed interest of 70,068,425 shares, 42.317% | |
| Any relationship (including immediate family relationships) with any existing director, existing executive office, the issuer and/or substantial shareholder of the listed issuer or of any of its principle subsidiaries | Father of Executive Directors, Lim Jit Yaw Jeremy and Lim Jit Ming Raymond | |
| Conflict of interests (including any competing business) | None | |
| Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) | Yes | |
| Other Principal Commitments including Directorship | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - None • Present: <ul style="list-style-type: none"> - Subsidiaries of Cortina Holdings Limited - Ming Yaw Pte Ltd - Lim Keen Ban Holdings Pte Ltd | |
| The general statutory disclosures of the Directors are as follows: | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | |
| (c) Whether there is any unsatisfied judgment against him? | No | |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | |

| | Lim Jit Ming, Raymond | Yu Chuen Tek, Victor | Lim Jit Yaw, Jeremy | Chin Sek Peng, Michael |
|--|---|---|--|--|
| | Deemed interest of 52,657,490 shares, 31.802% | Direct interest of 8,835,015 shares, 5.336% and deemed interest of 7,428,000 shares, 4.486% | Deemed interest of 70,068,425 shares, 42.317% | Nil. |
| | Son of Executive Chairman and CEO, Mr Lim Keen Ban Anthony and elder brother of Executive Director, Lim Jit Yaw Jeremy | None | Son of Executive Chairman and CEO, Mr Lim Keen Ban Anthony and younger brother of Executive Director, Lim Jit Ming Raymond | None |
| | None | None | None | None |
| | Yes | Yes | Yes | Yes |
| | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - None • Present: <ul style="list-style-type: none"> - Subsidiaries of Cortina Holdings Limited - Lim Keen Ban Holdings Pte Ltd | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - None • Present: <ul style="list-style-type: none"> - Subsidiaries of Cortina Holdings Limited - Rennick Pte Ltd | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - None • Present: <ul style="list-style-type: none"> - Ming Yaw Pte Ltd | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - None • Present: <ul style="list-style-type: none"> - PKF-CAP LLP - PKF-CAP Advisory Partners Pte Ltd - PKF-CAP Risk Consulting Pte Ltd - PKF-HT Khoo Public Accounting Corporation - PKF-ACPA Management Consultants Pte Ltd - PKF-Khoo Management Services Pte Ltd - C&L Business Advisers Pte Ltd - Sitra Holdings (International) Ltd - Sunpower Group Ltd - TEE Land Ltd |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |

Additional Information on Directors

| | Lim Keen Ban, Anthony | |
|--|-----------------------|--|
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- | | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | |
| Disclosure applicable to the appointment of Director only. | | |
| Any prior experience as a director of a listed company? | Not applicable. | |
| Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Not applicable. | |

Additional Information on Directors

| | Lau Ping Sum, Pearce | |
|--|---|--|
| Date of appointment | 27 June 2002 | |
| Date of last re-appointment (if applicable) | 21 July 2016 | |
| Age | 79 | |
| Country of principal residence | Singapore | |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr Lau as a Director of the Company at the AGM 2019 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Lau's contributions, qualifications, expertise and past experiences. | |
| Whether appointment is executive, if so, the area of responsibility | No, the appointment is non-executive. | |
| Job Title (e.g. Lead ID, AC Chairman, AC member, etc.) | <ul style="list-style-type: none"> - Independent Director - Chairman of Remuneration Committee - Chairman of Nominating Committee - Member of Audit Committee | |
| Professional qualifications | Bachelor of Economics from the Australian National University and a Diploma in Business Administration from University of Singapore. | |
| Working experience and occupation(s) during the past 10 years | He is a member of the advisory committee on translation and interpretation at Singapore University of Social Sciences (SUSS) and a member of the Institute of Directors. | |

| | Lee Ah Fong, James | Foo See Jin, Michael | Long Foo Pieng, Benny | Chuang Keng Chiew |
|--|--|---|---|---|
| | 15 April 2010 | 15 December 1972 | 1 July 2000 | 24 May 2019 |
| | 26 July 2018 | 21 July 2017 | 21 July 2016 | Not applicable |
| | 73 | 72 | 50 | 62 |
| | Singapore | Singapore | Singapore | Singapore |
| | Not applicable as Mr Lee is not subject to re-election at the AGM 2019. | Not applicable as Mr Foo is not subject to re-election at the AGM 2019. | The re-election of Mr Long as a Director of the Company at the AGM 2019 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Long's contributions, qualifications, expertise and past experiences. | The re-election of Mr Chuang as a Director of the Company at the AGM 2019 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Chuang's background, qualifications and experience. |
| | No, the appointment is non-executive. | No, the appointment is non-executive. | No, the appointment is non-executive. | No, the appointment is non-executive. |
| | - Independent Director | - Independent Director - Member of Remuneration Committee | - Independent Director | - Independent Director - Member of Audit Committee - Member of Nominating Committee - Member of Remuneration Committee |
| | Degree in law | None | Associate Degree in Aviation Maintenance Technology from Embry-Riddle Aeronautical University in Florida, the United States of America. | LL.B. (Honours) Advocate & Solicitor – practising lawyer since 1998 Volunteers at the The Law Society of Singapore and SILE. |
| | He is a partner of law firm Ng, Lee & Partners. He is also the Chairman of Yuying Secondary School Management Committee and has been serving un various capacities in Non-Government Organisations and clan associates for many years. | He has been in the food and beverage industry for over 37 years. | None | He was a Director of Advent Law Corporation from 1 November 2003 to 31 December 2014. He was appointed as a Consultant in Advent Law Corporation since 1 January 2015. |

Additional Information on Directors

| | Lau Ping Sum, Pearce | |
|---|--|--|
| Shareholding interest in the listed issuer and its subsidiaries | Direct interest of 30,000 shares, 0.018% | |
| Any relationship (including immediate family relationships) with any existing director, existing executive office, the issuer and/or substantial shareholder of the listed issuer or of any of its principle subsidiaries | None | |
| Conflict of interests (including any competing business) | None | |
| Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) | Yes | |
| Other Principal Commitments including Directorship | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - None • Present: <ul style="list-style-type: none"> - Huan Hsin Holdings Ltd - Sunpower Group Ltd - Napier Healthcare Solution Pte Ltd | |
| The general statutory disclosures of the Directors are as follows: | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | |
| (c) Whether there is any unsatisfied judgment against him? | No | |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | |

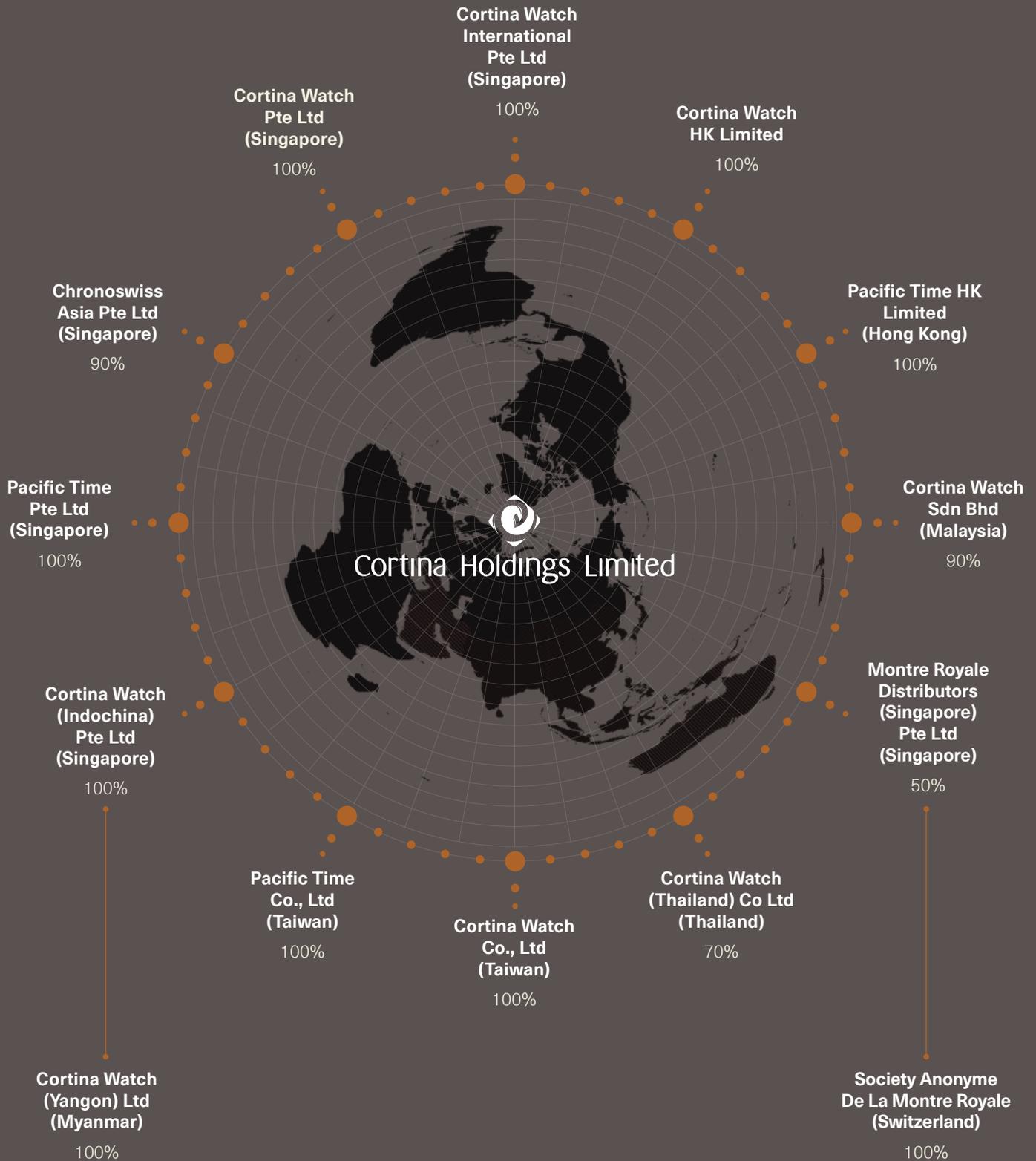
| | Lee Ah Fong, James | Foo See Jin, Michael | Long Foo Pieng, Benny | Chuang Keng Chiew |
|--|--|--|--|---|
| | Nil. | Direct interest of 7,107,320 shares, 4.292% | Direct interest of 8,270,000 shares, 4.995% | Direct interest of 7,000 shares, 0.004% |
| | None | None | None | None |
| | None | None | None | None |
| | Yes | Yes | Yes | Yes |
| | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - TA Corporation Ltd • Present: <ul style="list-style-type: none"> - TEE International Limited - Yuying Secondary School Ltd | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - Nil • Present: <ul style="list-style-type: none"> - Nil | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - Nil • Present: <ul style="list-style-type: none"> - Nil | <ul style="list-style-type: none"> • Past (for the last 5 years): <ul style="list-style-type: none"> - Advent Law Corporation • Present: <ul style="list-style-type: none"> - Nil |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |

Additional Information on Directors

| | Lau Ping Sum, Pearce | |
|--|----------------------|--|
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- | | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | |
| Disclosure applicable to the appointment of Director only. | | |
| Any prior experience as a director of a listed company? | Not applicable. | |
| Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Not applicable. | |

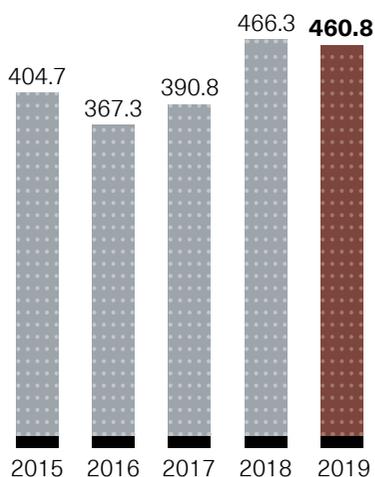
| | Lee Ah Fong, James | Foo See Jin, Michael | Long Foo Pieng, Benny | Chuang Keng Chiew |
|--|---------------------------|-----------------------------|------------------------------|---|
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | No | No | No | No |
| | Not applicable. | Not applicable. | Not applicable. | No |
| | Not applicable. | Not applicable. | Not applicable. | Mr Chuang will attend the requisite training on the roles and responsibilities of a director of a listed company. |

Group Structure

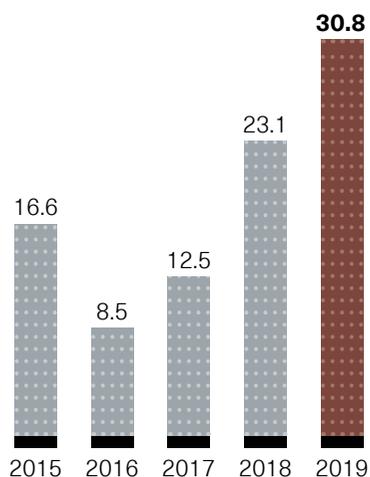


Financial Highlights

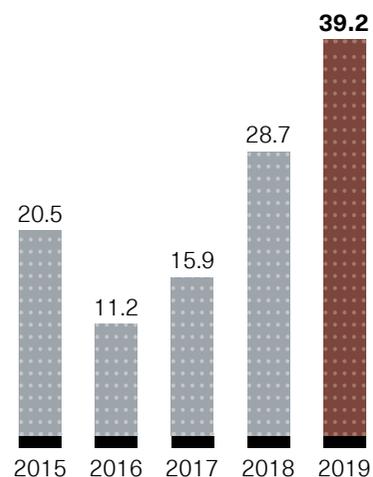
Turnover
(S\$'M)



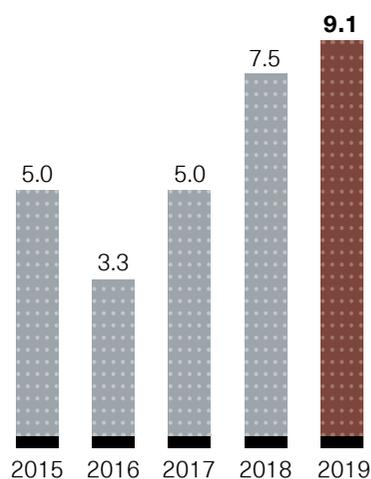
Profit After Tax
(S\$'M)



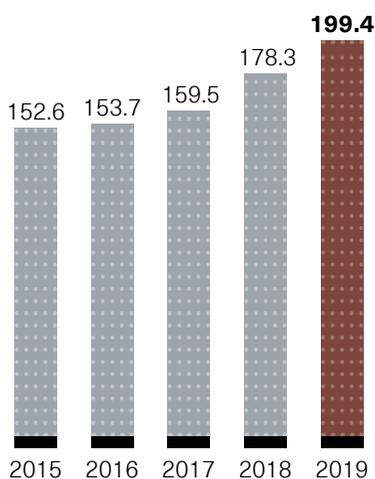
Profit Before Tax
(S\$'M)



Dividend (Net)*
(S\$'M)



Shareholders' Equity
(S\$'M)



| | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
|--------------------------|--------|--------|--------|--------|---------------|
| S\$ Million | | | | | |
| Turnover | 404.7 | 367.3 | 390.8 | 466.3 | 460.8 |
| Profit before Tax | 20.5 | 11.2 | 15.9 | 28.7 | 39.2 |
| Profit after Tax | 16.6 | 8.5 | 12.5 | 23.1 | 30.8 |
| Dividend (Net)* | 5.0 | 3.3 | 5.0 | 7.5 | 9.1 |
| Shareholders' Equity | 152.6 | 153.7 | 159.5 | 178.3 | 199.4 |
| Cents | | | | | |
| Basic Earnings Per Share | 9.2 | 5.1 | 7.1 | 13.5 | 17.5 |
| Net Assets Per Share | 92.1 | 92.8 | 96.3 | 107.7 | 120.4 |

Sustainability Report

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Board Statement

Dear Stakeholders,

We are pleased to present Cortina Holdings Limited's and together with its subsidiaries, collectively the "Group", "We", "Our" or "Cortina Watch") second year sustainability report for the Financial Year 2019. We uphold ourselves as being one of the leading retailer and distributor of international luxury timepieces in Asia. Our sustainability journey is continued through the close ties maintained with our various stakeholders, remaining as a leading luxury retailer brand and establishing more timeless friendships.

The Board continues to manage the Group's sustainability direction, ensuring that our sustainable practices are embedded in our business operations and the sustainability goals are aligned with the Group's overall strategic business direction.

We are establishing ourselves to a wider target market through the launch of our e-commerce platform, featuring selected brands and models of luxury timepiece. The launch of our e-commerce platform is part of our efforts in aligning ourselves with the ever-changing retail landscape and consumer's demand, bolstering our efficiency and adding a new touch in our interaction with the wider community. During the year, we have also completed the store renovation of our boutique in Raffles City Shopping Centre in Singapore. We continue to review our retail boutique's performance and sought to increase customer's retail experience through expansion, relocation and refurbishment of our boutiques.

The Group remains devoted in delivering luxurious timepieces with quality service through our boutiques. In 2019, we continued to explore new opportunities to expand our regional network as well as to leverage our expertise in fulfilling our corporate responsibilities with excellent progress in various aspects.

About This Report

This is Cortina Watch's second sustainability report for the year ended 31 March 2019 ("FY 2019").

As in our previous report, we have prepared this report in accordance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard Listing Manual and the Global Reporting Initiative ("GRI") Standards Sustainability Reporting Guidelines 2016 - Core Option and its reporting principles.

We continue to adhere to the GRI principles for the definition of the report's content and quality, including stakeholder inclusiveness, sustainability context, materiality and completeness. In ensuring the quality of the report, the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness have been adopted.

No external assurance have been sought for this report, however, we rely on our internal process to verify the accuracy of the Environmental, Social and Governance ("ESG") and economic performance data and information presented in this report. The Group would review the option to seek external assurance as our reporting matures over time. This report does not include any restatement of previously published data.

| | |
|-----------------------------------|--|
| Reporting Period and Scope | <p>Sustainability performance of our operations in Singapore and Asia regions for the financial year ended 31 March 2019 ("FY2019") have been included in the report.</p> <p>This report does not include outsourced activities, joint ventures and suppliers. We have attempted to report only issues that are material to Cortina Watch.</p> |
| Feedback and Suggestions | <p>Your feedback and suggestions are valued and welcomed on the contents of the report. We can be reached at http://www.cortina.com.sg/get-in-touch/.</p> |

About Cortina Watch

Incorporated and headquartered in Singapore, Cortina Holdings Limited's principal business focuses in the luxury timepiece and accessories retail and distribution industry in the Asia Pacific region. The Group was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard since 29 July 2002.

Synonymous with high-quality timepiece, impeccable and equipped with a team of 365 dedicated employees, the Group continues to strengthen its foothold in the Asia Pacific market. We distinguish ourselves through our specialist boutiques and leverage on our business relationship established and maintained with luxury brands over the years, allowing us to bring in exclusive timepieces for our loyal customer base.

Our Mission

To be recognized internationally as the leading retailer and distributor of luxury timepieces and accessories in the Asia Pacific region; and for consistently providing a reliable and delightful customer experience through our extensive selection amidst a friendly, professional and personalized ambience.

Our Vision

The geographical expansion of Cortina Watch's retail business in its key markets in Singapore, Malaysia, Thailand, Indonesia, Hong Kong and Taiwan is a key strategy for future growth. The Group is continually on the lookout for opportunities in both local and regional markets aiming to widen market penetration and expand its brand name on a global level. In line with these plans to expand the Group's retail presence, Cortina Watch constantly endeavours to expand and strengthen its business through acquisitions, joint ventures with suitable partners, or via new distribution arrangements for new brands that complement its current product range.

Sustainability Report

About Cortina Watch

Headquartered in Singapore, Cortina Watch have made our marks on the globe, with retail boutiques and distribution network in not only local market but foreign markets as well, including Hong Kong, Malaysia, Indonesia, Thailand and Taiwan. We carry international brands with variety of models in its product range, such as Patek Philippe, Rolex, IWC, Jaeger-LeCoultre, Piaget and amongst others. The Group strives to deliver the familiar experience our valued watch cognoscente are used to in our boutiques.

Membership of Association

The Group's board members continues to be represented on various industry bodies and public organisations. Moving forward, the Group will continue to partner the industry and form collaborations in support of the Singapore government's agenda of becoming a smart and sustainable city.

Supply Chain Management

Our approach to sustainability extends not only to customers but to our suppliers, employees and communities too. We have started to assess the risks in our supply chain and enhance our commitment towards responsible sourcing. The Group's primary suppliers are selected based on, inter alia, good track record, expertise and quality. We continue our journey in sourcing responsibly, evaluating and selecting supplier partners who have good environmental and social performance.

We strive to maintain long-standing and good working relationships with suppliers which would make our relationship with suppliers sustainable. We believe by combining key brands and good relationship with suppliers, this could make our brand better and well-received.

We maintain an integrated distribution system in order to distribute our products efficiently to our market segments.

As sales and marketing plays a huge part in contributing to our revenue stream, responsible sales and marketing practices are emphasized throughout the Group. Our consumers are actively engaged through the various timeless events organised by the Group.

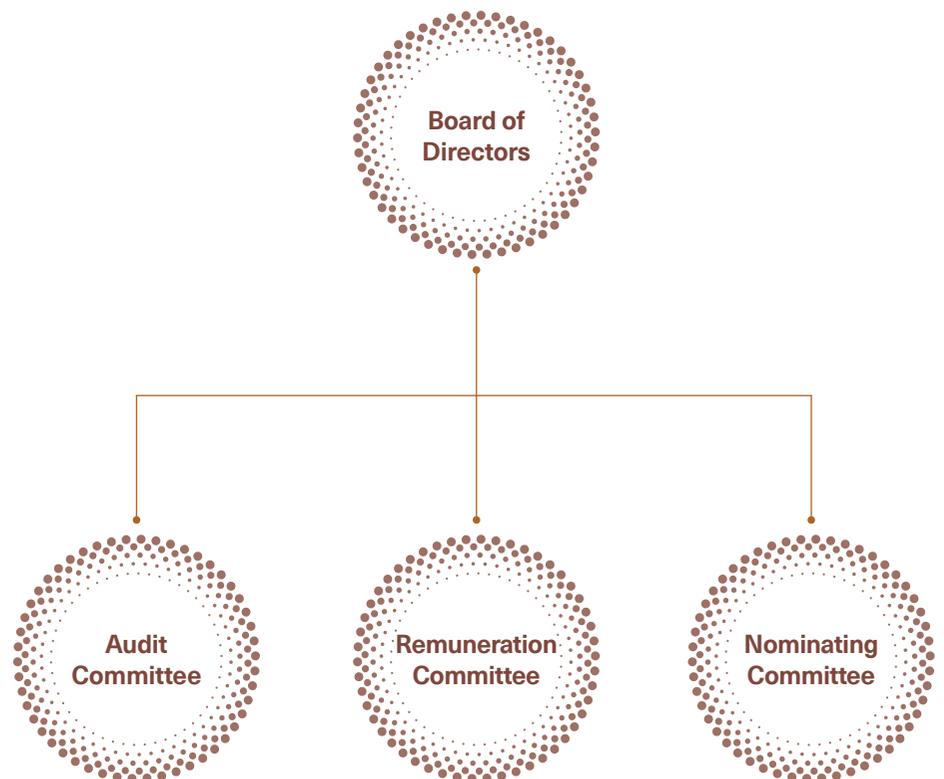
We also play our part in minimising the impact of post-consumer waste on the environment via usage of environmental friendly packaging which are biodegradable and reusable i.e. usage of paper bags.

Sustainability Governance

Cortina Watch uphold our belief that good corporate governance is the anchor of a well-managed and respected organisation. At Cortina

Watch, the Board continues to oversee the Group's sustainability strategy. The senior management leads our sustainability efforts and ensures that the Group's sustainability developments align with our business objectives and reports directly to the Board periodically.

As the Group progresses towards the next phase of growth, we continue to remain focus on our mission of being a leading retailer and distributor of luxury timepieces and accessories in the Asia Pacific region. We believe in the longevity of the Cortina brand, our ability to maintain a high-quality retail network and dedication in fostering brand loyalty amongst our business partners and customers.



Stakeholders Engagement

Cortina Watch seek to create and maintain long standing business relationship with our stakeholders. Internal and external stakeholders' feedback, needs and concerns are actively sought after through the various communication channels we have established. The information received are taken into consideration in our business's sustainability strategy.

| Stakeholder Group | Engagement Activities | Stakeholder Expectations | Frequency |
|----------------------------------|--|--|-------------|
| Customers | Refurbishment and upgrade of newly opened and existing boutiques raises the customer experience Hosting of experiential events to strengthen customer relationships | Exceptional shopping experience with a variety of luxury watches | Daily |
| Suppliers | Maintain business dealings with suppliers who meet high standards in areas such as ethical conducts and workplace standards | Compliance with terms and conditions of purchasing policies and procedures, maintain ethical standards | Monthly |
| Employees | Provide a conducive environment for work and implement trainings for staff | Staff rights and welfare, personal development, good working environment | Daily |
| Shareholders | Unaudited quarterly results are published timely to show economic performance | Profitability, transparency, timely reporting, fair purchasing practices | Quarterly |
| Financial Institutions | Maintain good relationships with bankers | Transparency, timely reporting | Half-yearly |
| Business Partners | Held events such as Swiss Event, collaborated with business partners to showcase evolution of time, history of watchmaking | Partnership for opportunities and growth | Monthly |
| Government and Regulators | Maintain good working relationship with regulators and disclose pertinent information timely | Environmental-friendly business approach, compliance with regulations, timely reporting and resolution of issues | Quarterly |

Sustainability Report

Materiality Assessment

Through active engagement with our stakeholders, key material topics are re-assessed on their relevance to our business. Based on our review and feedback obtained from internal and external stakeholders, the five material topics previously identified and disclosed in FY2018 continue to remain relevant in the FY2019. In addition, we have identified a new material ESG factor for FY2019, namely, Energy.

Economic

- Economic Performance
- Anti-Corruption

Social

- Employment
- Local Communities
- Customer Privacy

Environmental

- Energy

We will continue to review and re-evaluate the relevance of our material ESG factors disclosed, to ensure its relevance to our stakeholders and business.

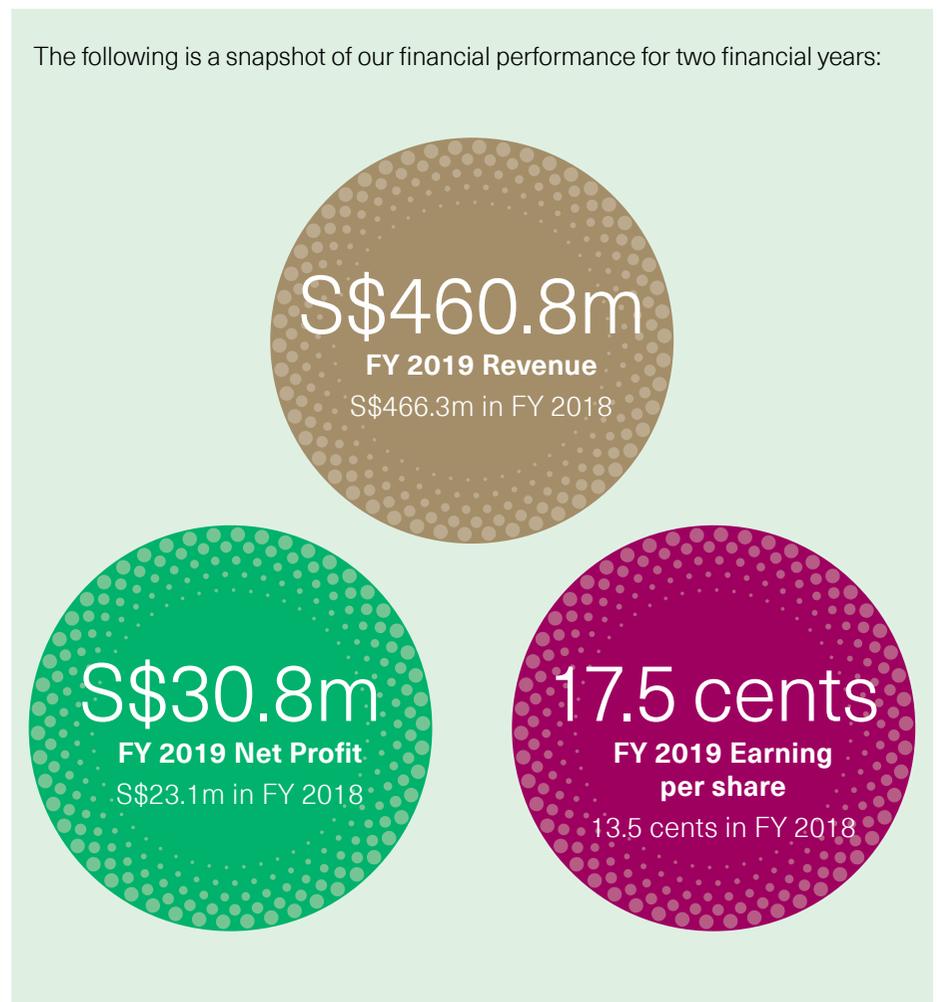
Economic Performance

During FY 2019 the Group's business operations remained profitable. In our pledge to drive expansion of our brand name, the Group continues to explore areas into enhancing customers' shopping experience and broaden our footprint in the region, streamlining the business operations and eliminating non-performing brands. This is demonstrated by the Group embracing digital connectivity, through investment of

resources in launching our e-commerce platform and locating our retail boutiques in strategic locations in the region. The move saw our revenue remain steady and an increase in our profit margin during the year. We target to attain sustainable economic growth annually.

Further details on our economic value can be found throughout the Group's Annual Report 2019.

The following is a snapshot of our financial performance for two financial years:



Anti-Corruption

At Cortina Watch, we continue to uphold our stance on zero tolerance for corruption. The Group continues to maintain the Whistle Blowing Policy which has been approved by the Board. The policy provides a transparent channel of communication for employees and external parties to raise in confidence, concerns about possible improprieties concerning unethical or unlawful behaviour within the organisation. Any incidence reporting such improprieties will be directed to the Executive Directors or Human Resource Department, before being forwarded to the Audit Committee (“AC”) Chairman. The AC oversees the

administration of the framework and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions.

Corruption and money laundering are synergistic—not only do they tend to occur together, but also the presence of one tends to reinforce the other. During the year, Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019 was passed by Parliament on 11 February 2019. The Group is in the process of developing a formal Anti Money

Laundering/Combating the Financing of Terrorism (“AML/CFT”) policy in addition to Anti-Corruption policy. We plan to conduct training sessions to educate our employees on the internal policies, procedures and controls to prevent and mitigate both anti-corruption and AML/CFT risks.

Evident of our efforts in maintaining a good corporate governance practices in the Group, the AC did not receive any reported incident of corruption during the year. We strive to maintain the zero confirmed incidents of corruption record, for years to come.

Employment

As the drivers for our growth and success, our employees are key to our business. We endeavour to establish a fair, conducive and positive work environment, where talent is nurtured and rewarded and our employees are happy. The Group values workplace diversity and embrace the presence of our employees from diverse backgrounds, ethnic, age group, gender group and marital status.

The Group has established an employment policy which promotes transparency and fairness for our employees, senior management continues to perform periodic review of the policy to ensure the relevance of the policy to our business practices. We ensure that our employment practices adhere to the relevant jurisdiction in the countries we operate in.

We continue to attract and retain dynamic individuals from diverse backgrounds and contribute to the economic well-being of our employees by giving them a comprehensive remuneration package, including employee benefits such as government leave entitlement, healthcare and insurance policy. Our remuneration policy ensures that employees receive wages that meet the legal and industry minimum standards in the countries we operate in. Overtime hours are paid at a premium rate of 1.5 times their usual hourly rate with bonuses given on a yearly basis upon successful completion of competitively attainable goals set before the end of the year.

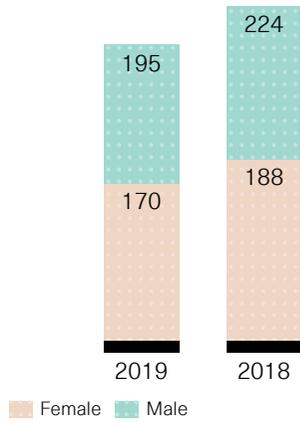
The Group continues to provide training for our employees to achieve their full potential by providing equal opportunities

to the individuals. We have also adopted a performance based reward system whereby individuals are evaluated and rewarded through an annual performance review and these individuals are may be considered for other suitable positions within the Group.

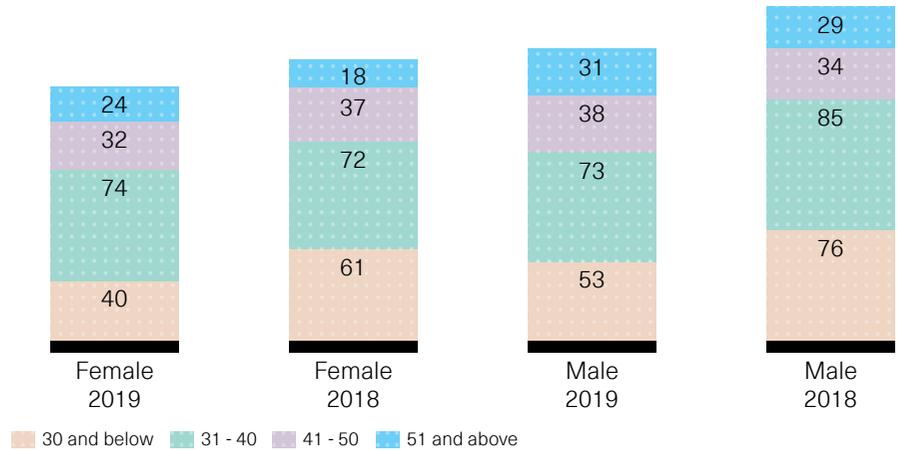
As at 31 March 2019, the Group has a total of 365 employees. Of which, 170 are female and 195 are male. The Group is of a view that there is a proportionate mix of gender in our human capital. The employee turnover rate for FY 2019 (23%) is slightly higher than FY 2018 (20%). We strive to comply with regulations in relation to employment and provide our employees with opportunities to learn, grow and develop in the forthcoming year.

Sustainability Report

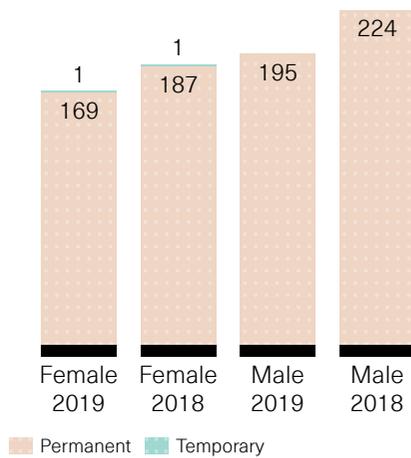
By gender as at 31 march 2019



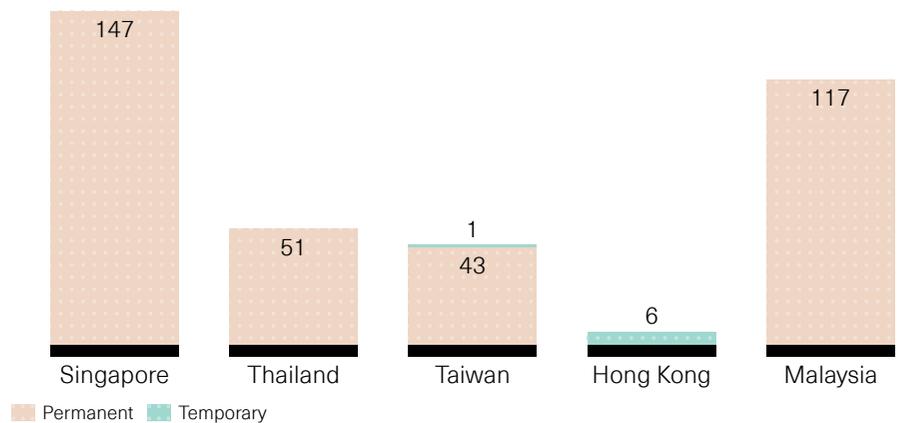
By gender and age as at 31 March 2019



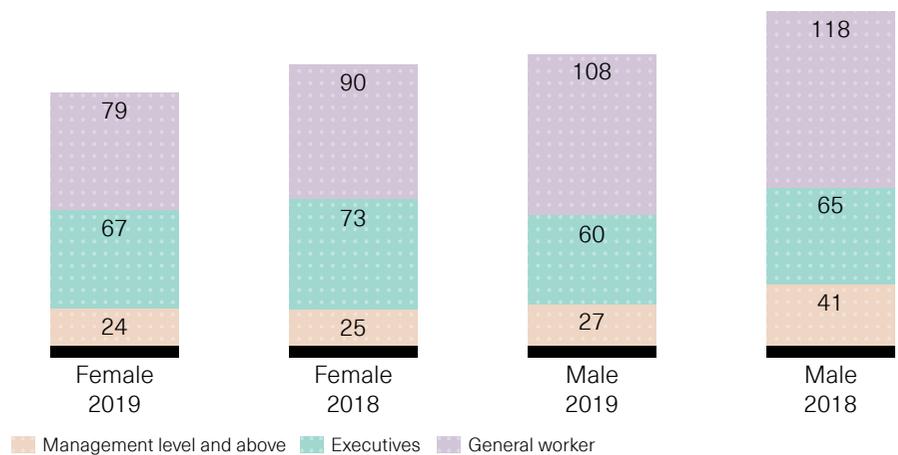
By employment type as at 31 march 2019



By employment type, region as at 31 march 2019



By category as at 31 march 2019



Engaging Our Communities

The Group makes an effort to participate or conduct events that engage our local community, playing our part in making a positive impact to our society as an organisation. In addition to being a participant for local community activities, Cortina Watch has also been a community partner to Heartware Network.

Known for his philanthropic efforts in supporting education, medicine, arts and culture, Mr Anthony Lim continues to make significant donations to 17 various Non-Profit Organisations (NPOs), schools and charities such as Hainan Business Club, Ren Ci Hospital, Singapore Chinese Cultural Centre and Singapore University of Social Science (SUSS) during the year.

The Group continuously plays an active role in encouraging and supporting our employees to pursue volunteer activities outside of our initiatives. As we move along, we aim to maintain or increase the number of community initiatives and charities we participate in, conduct or represent for.

Customer Privacy

The Group upholds our responsibility in maintain the privacy and security of our Customers, employees and other stakeholders personal data. In line with the Personal Data Protection Act (“PDPA”) which came into effect in 2012, the Group have an established governance infrastructure to drive a holistic approach to the privacy and security of data entrusted to us. This includes the Privacy Policy established by the Group, detailing the procedures on responsible handling of personal data entrusted to us by the larger public.

In our pledge to our consumers in other jurisdiction such as the European Union (EU) and the European Economic Area (EEA), we have also observed the General Data Protection Regulation (EU) 2016/679 (“GDPR”). The Group will adopt the regulation which offers a higher level of protection for European Personal Data in applicable circumstances. The Privacy Policy is available on Cortina Watch’s website at <https://www.cortinawatch.com/en/privacy-policy/>.

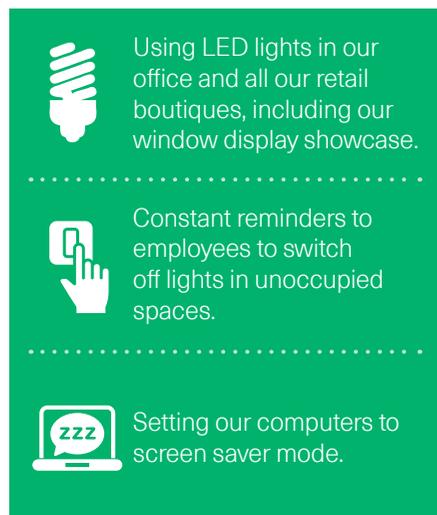
These policies require transparency, responsible data handling and use, and choice where appropriate.

During the reporting period, we did not receive any substantiated complaints relating to breaches of customer privacy and there were no cases of data loss due to leaks and thefts.

We are committed to review our policy periodically to reflect the latest practice and relevant laws and regulations. We aim to continue our effort in achieving zero complaint relating to breaches of customer privacy.

Our Green Footprint

Electricity is the main source of energy in Cortina Watch’s offices and business operations. As a home grown brand, the Group acknowledges the need to lead by example and do our part in improving and reducing our environmental impacts. In response to the Government’s call for organisations to adopt green practices, the Group have implemented energy efficiency initiatives throughout our boutiques and administrative office. Some of our initiatives includes the following:



-  Using LED lights in our office and all our retail boutiques, including our window display showcase.
-  Constant reminders to employees to switch off lights in unoccupied spaces.
-  Setting our computers to screen saver mode.

By encouraging our people to actively engage in our environmental endeavours, we will continue to implement similar energy conservation measures in our entities. Moving forward, we continuously work towards reducing energy consumption and that our usage is reduced on a yearly basis.

Sustainability Report

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|---|--|
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| Organisational Profile | |
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| 102-8 Information on employees and other workers | Page 39-40 |
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| 102-45 Entities included in the consolidated financial statements | Annual Report 2019 |
| 102-46 Defining report content and topic boundaries | Page 35 |
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| 102-48 Restatements of information | Not applicable |
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| 401-1 New employee hires and employee turnover | |
| 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | |
| 401-3 Parental leave | |
| GRI 413: Local Communities | |
| 103-1 Explanation of the material topic and its boundaries | Page 41 |
| 103-2 The management approach and its components | |
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| 413-1 Operations with local community engagement, impact assessments, and development programs | |
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| GRI 418: Customer Privacy | |
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| 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | |

Corporate Governance Report

Cortina Holdings Limited (the “Company”) is committed to ensure high standards of corporate governance and this report outlines the Company’s corporate governance practices with reference to the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the “Code”). The Company has complied in all material aspects with the principles and guidelines of the Code, and where there were deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board of Directors (the “Board”) comprises an Executive Chairman, an Executive Deputy Chairman, two Executive Directors, and six Independent Directors. The Board has the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this report, the Board comprises the following members:

| | |
|---------------------------|----------------------------------|
| Mr Lim Keen Ban | (Chairman and CEO) |
| Mr Lim Jit Ming | (Deputy Chairman and Deputy CEO) |
| Mr Yu Chuen Tek | (Senior Executive Director) |
| Mr Lim Jit Yaw | (Executive Director) |
| Mr Chin Sek Peng, Michael | (Lead Independent Director) |
| Mr Lau Ping Sum, Pearce | (Independent Director) |
| Mr Lee Ah Fong | (Independent Director) |
| Mr Foo See Jin | (Independent Director) |
| Mr Long Foo Pieng | (Independent Director) |
| Mr Chuang Keng Chiew | (Independent Director) |

Guidelines 1.1 & 1.2 Board’s Role

The primary role of the Board is to protect and enhance long-term shareholders’ value. It provides entrepreneurial leadership, sets the corporate strategies of the Group and sets directions and goals for the Management (comprising the key executive officers of the Group). It supervises the Management and monitors performance of these goals to enhance shareholders’ value. The Board is responsible for the overall corporate governance of the Group. The Board also considers sustainability issues of its business strategy. In accordance with the listing requirements, the Company has included its sustainability report as part of this annual report, and also made it available on SGXNET and the Company’s website at www.cortina.com.sg.

The principal responsibilities of the Board are to:

- (a) provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its goals and objectives;
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets;
- (c) review Management performance;
- (d) identify key stakeholder groups and recognize that their perceptions affect the Group’s reputation;
- (e) set the Group’s values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues as part of its strategy formulation.

Corporate Governance Report

Guideline 1.3

Delegation of Authority to Board Committees

Delegation by the Board

The Board has formed Board Committees, namely Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”), to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The Board also constantly reviews the effectiveness of each Committee.

The current members of the Board and their membership on the Board committees are as follows:

| Name of director | Board appointments | | Board committees | | |
|------------------------|--------------------|----------------------|------------------|----------|----------|
| | Executive Director | Independent Director | AC | NC | RC |
| Lim Keen Ban | * | | - | - | - |
| Lim Jit Ming | * | | - | - | - |
| Yu Chuen Tek | * | | - | Member | - |
| Lim Jit Yaw | * | | - | - | - |
| Chin Sek Peng, Michael | | * | Chairman | Member | - |
| Lau Ping Sum, Pearce | | * | Member | Chairman | Chairman |
| Lee Ah Fong | | * | - | - | - |
| Foo See Jin | | * | - | - | Member |
| Long Foo Pieng | | * | - | - | - |
| Chuang Keng Chiew | | * | Member | Member | Member |

Guideline 1.4
Meetings of Board and Board Committees

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors for the financial year ended 31 March 2019:

| | Board | Audit Committee | Nominating Committee | Remuneration Committee |
|--------------------------------|------------------------------------|------------------------|-----------------------------|-------------------------------|
| Number of meetings held | 4 | 5 | 1 | 1 |
| Name of Directors | Number of meetings attended | | | |
| Lim Keen Ban | 4 | N.A | N.A | N.A |
| Lim Jit Ming | 4 | 2* | N.A | N.A |
| Yu Chuen Tek | 4 | N.A | 1 | N.A |
| Lim Jit Yaw | 4 | 4* | N.A | N.A |
| Chin Sek Peng, Michael | 4 | 5 | 1 | N.A |
| Lau Ping Sum, Pearce | 4 | 5 | 1 | 1 |
| Lee Ah Fong | 2 | 3 | 1 | 1 |
| Foo See Jin | 4 | N.A | N.A | 1 |
| Long Foo Pieng | 4 | N.A | N.A | N.A |
| Chuang Keng Chiew | N.A | N.A | N.A | N.A |

* Attended meeting as invitee

Note: Attendance of Mr Chuang Keng Chiew for FY2019 is not applicable as he was appointed on 24 May 2019.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion to measure their contributions. It also takes into account the contributions by board members in other forms including periodic review, provision of guidance and advice on various matters relating to the Group.

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

The Board has adopted internal guidelines governing matters that require the Board's approval. Matters specifically reserved for the Board's decision are:

- (a) matters involving a conflict of interest for a substantial shareholder or a director;
- (b) strategic policies of the Group;
- (c) annual budgets;
- (d) public release of periodic financial results;
- (e) material acquisitions and disposal of assets;
- (f) corporate or financial restructuring;
- (g) share issuances, interim dividends and other returns to shareholders; and
- (h) any investment or expenditure not in the ordinary course of business and where the transactions fall within Rule 1004 (b) to (d) of the Listing Manual.

Independent judgement

All directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group.

Corporate Governance Report

Guidelines 1.6 and 1.7

Orientation, briefings, updates and trainings provided for directors

The Company has in place an orientation process. A new incoming independent director will be issued a formal letter of appointment setting out his duties and obligations.

Incoming directors joining the Board will be briefed by the NC on their directors' duties and obligations and will be introduced to the Group's business and governance practice, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

The incoming director will meet up with the senior management and the Company Secretary to familiarize himself with their roles, organization structure and business practices. This will enable him to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

The directors are continually and regularly updated on the Group's business and governance practices, changes to the accounting standards and regulatory updates, the Code of Corporate Governance and Listing Manual by the Company Secretary and the auditors. The directors are also encouraged to be members of the Singapore Institute of Directors (SID) and for them to receive updates and training from SID. Briefings and updates provided for directors in FY2019 included the following:

- At every AC meeting, the external auditors briefed the AC members on developments in accounting and auditing standards whenever there are changes or there is a need to update such standards;
- The Board was briefed on the compliance with SGX Listing Rules and 2018 Code of Corporate Governance by the Company Secretary;
- The CEO updated the Board at each meeting on business and strategic developments;
- The directors also attended briefings, courses and seminars where appropriate to update themselves on the latest developments in the areas of financial reporting, corporate governance and any other areas relevant to directors; and
- Apart from discussion at Board meetings, the directors were also provided with timely updates on developments within the Group on a regular basis, mainly through emails. Two-way communication between the directors and the management was maintained throughout the year.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines 2.1 and 2.2

Independent Element of the Board

The Board consists of ten Directors, four of whom are Executive Directors and six are independent Directors, one of them being the Lead Independent Director.

Guideline 2.3

Independence of Directors

The criterion for independence is based on the definition given in the Code. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

For the purpose of determining directors' independence, every director has provided declaration of his independence which is reviewed by the NC and the Board. Except for the executive directors, all the other directors on the Board are considered by the NC and the Board to be independent directors.

Guideline 2.4 Review of Independent Directors

Each of the Independent Director has confirmed his independence based on the guidelines set out in the Code. Independent Directors, Mr Lau Ping Sum, Pearce, Mr Foo See Jin, Mr Long Foo Pieng and Mr Chin Sek Peng, Michael have served the Board for more than nine years from the date of each of their first appointment.

Independent Director, Mr Lee Ah Fong who has attained tenure of 9 years on the Board as at 15 April 2019 has submitted his letter of cessation from the office of Director to take effect from the date of the forthcoming annual general meeting on 26 July 2019, due to health reasons.

The NC had implemented a framework for the rigorous review of the independence of directors who have served for more than 9 years. Each of Mr Lau, Mr Foo, Mr Long and Mr Chin was required to complete a rigorous self-assessment form to confirm his independence under stricter criteria over and above the guidelines set out in the Code. Under such rigorous review, each Independent Director has confirmed that he nor any of his immediate family has any relationship or business dealings with a controlling shareholder, director or key management personnel or their associates that would give rise to a conflict of interest or impairment of the Independent Director's independence. In addition, each of the directors was subject to a peer review by the other directors who completed a peer assessment form which critically assessed the demonstration of his independence and objectivity in the interest of the Company and shareholders.

The NC and the Board had reviewed the rigorous self-assessment forms completed by the above directors and the peer review forms which critically assessed each of the directors' independence.

The NC and the Board were of the view that Mr Lau, Mr Foo, Mr Long and Mr Chin had maintained their objectivity and independence at all times in the discharge of each of their duties as Director of the Company. They had each continually engaged the management and Executive Directors in candid discussion and provide constructive and impartial guidance to ensure due governance processes were in place such as the setting of accounting policies, the use of management judgement and estimates in subjective areas of accounting, establishment of risk management framework and the setting of remuneration of Executive Directors, key management personnel and relative appointments.

In addition, the NC and the Board had reviewed rigorously whether Mr Foo's independence was in any way compromised by his 4.3% shareholding in the Company and long years of service on the Board. The NC and Board noted that Mr Foo's shareholding was acquired long time ago and that his shareholdings were viewed by the Board as positive, demonstrating his commitment to the interest of the Company.

The NC and the Board had also reviewed rigorously whether Mr Long's independence was in any way compromised by his 4.99% shareholding in the Company and long years of service on the Board. Mr Long's shareholding was acquired long time ago and the Board viewed it positively that his interest was aligned with that of the Company and all other shareholders.

Each of Mr Lau and Mr Chin, as NC members, did not participate in the NC's deliberations of his own independence.

Each of Mr Lau, Mr Foo, Mr Long and Mr Chin did not participate in the Board's deliberation of his own independence.

Guidelines 2.5 & 2.6 Composition and Competency of the Board

The Board is of the view that the current Board comprises persons whose diverse skills, experience and attributes provide for effective direction of the Group. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

Corporate Governance Report

Guideline 2.7

Role of Non-Executive Directors

During the year, the non-executive Directors constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors and Executive Directors, as a full board.

Guideline 2.8

Regular Meetings of Non-Executive Directors

During the year, the non-executive Directors communicate among themselves without the presence of Management as and when the need arises. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines 3.1 and 3.2

Chairman and CEO

Mr Lim Keen Ban is both the Chairman of the Board and the CEO of the Company.

As the Chairman, Mr Lim Keen Ban leads the Board in setting the agenda for board meetings and ensures that adequate time is available for discussion of all agenda items in particular strategic issues and promote good governance.

As CEO, he has executive responsibilities for executing the strategies set by the Board, and for the Group's performance.

In assuming his roles and responsibilities, Mr Lim Keen Ban consults with the Board, AC, NC and RC on major issues. Mr Chin Sek Peng, Michael has been the Company's Lead Independent Director since September 2007. Also, the Independent Directors make up more than half the Board. With these, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

Guidelines 3.3 and 3.4

Lead Independent Director

Mr Chin Sek Peng, Michael as Lead Independent Director is available as a channel of communication between shareholders and the Board or Management.

The independent directors meet amongst themselves without the presence of the management and executive directors where necessary, and depending on the issues and follow-up actions identified, the Lead Independent Director will provide feedback to the Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guideline 4.1

Nominating Committee

The Company has established the NC which is guided by the Terms of Reference approved by the Board.

The NC comprises four members the majority of whom, including its Chairman, are independent Directors. The members of the NC are:

| | |
|------------------------------------|-----------------------------|
| Mr Lau Ping Sum, Pearce (Chairman) | (Independent Director) |
| Mr Chin Sek Peng, Michael | (Lead Independent Director) |
| Mr Chuang Keng Chiew | (Independent Director) |
| Mr Yu Chuen Tek | (Senior Executive Director) |

Mr Lau Ping Sum, Pearce was appointed the Chairman of the NC in place of Mr Lee Ah Fong effective from 24 May 2019. Mr Chuang Keng Chiew was appointed as a member of the NC on 24 May 2019.

Guideline 4.2 NC Responsibilities

The NC functions under the Terms of Reference which sets out its responsibilities as follows;

- To recommend to the Board all board appointments, re-appointments and re-nominations.
- To ensure that independent directors meet SGX-ST's guidelines and criteria;
- To ensure the effectiveness of the Board as a whole and the effectiveness and contribution of each director to the Board;
- To review board succession plans for directors and key management personnel, in particular the Chairman and the CEO;
- To develop a process for evaluation of the performance of the Board, its committees and its directors, and undertake assessment of the effectiveness of the Board, Board Committees and Directors, including reviewing multiple board representations of directors where applicable;
- To review the training and professional development programmes for the Board;
- To recommend to the Board the appointment and re-appointment of Directors; and
- To assess the independence of the Independent Directors.

Rule 720(5) of the Listing Manual of the SGX-ST requires all directors to be subject to re-nomination and re-appointment at least once every three years.

Article 91 of the Company's Constitution (read with Rule 720(5) of the Listing Manual of the SGX-ST) requires one-third of the Board to retire from office at each annual general meeting ("AGM"). Accordingly, the directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. They can be re-elected if eligible.

The NC has recommended to the Board the re-election of Mr Lim Keen Ban , Mr Lau Ping Sum Pearce and Mr Long Foo Pieng who will retire by rotation pursuant to Article 91 of the Constitution of the Company at the forthcoming AGM. Mr Lau has abstained from the NC's deliberations on his re-election.

Article 97 of the Company's Constitution specifies that any director appointed by the Board during the year shall retire at the next AGM. Accordingly Mr Chuang Keng Chiew who was appointed by the Board on 24 May 2019 shall retire pursuant to the Company's Constitution and the NC has recommended his re-election to the Board. At the time of the NC's recommendation, Mr Chuang was not yet appointed as a member of the NC and did not have to recuse himself from the NC's deliberations on his re-election.

Succession planning

The NC has in place a board succession plan for Directors, in particular, the Executive Chairman and CEO. The NC has reviewed contingency arrangements for any unexpected incapacitation of the CEO or any of the top management personnel and is satisfied with the procedures in place for smooth transition.

Corporate Governance Report

Guideline 4.3

Determining Directors' Independence

The NC had conducted an annual review of the independence of the Independent Directors as set out in Guideline 2.4 above and had ascertained that they were independent.

Guideline 4.4

Directors' multiple board representations

The NC has set guidelines on the maximum number of Board appointments in listed companies that a Board member can hold to ensure that the directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each Board member cannot have more than six listed Board representations including the Company. All the directors currently do not sit on the boards of more than six listed companies.

Guideline 4.5

Alternative Directors

There are currently no Alternative Directors on the Board.

Guideline 4.6

Process for the Selection and Appointment of New Directors

The NC will conduct an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board. The NC may recommend the appointment of a new director to fill a casual vacancy in the Board.

The Company has in place policy and procedures for the appointment of new directors to the Board, including a description on the search and nomination process. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include, among other things, the new director's ability to add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions.

New Directors will be appointed by way of a Board resolution after the NC makes the necessary recommendation to the Board.

Guideline 4.7

Key Information on Directors

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report on pages 69 to 72 of this annual report.

Key information regarding the Directors is given in the profile of the Board of Directors in the annual report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guideline 5.1

Conduct of Board Performance

The NC, as set out in the Terms of Reference, is responsible for reviewing and evaluating the Board's performance. The evaluations are based on certain objective performance criteria which are decided by the NC.

Guideline 5.2

Performance Criteria for Board Evaluation

The NC has with the Board's approval, implemented a process for annually assessing the effectiveness of the Board and the contribution by each individual director to the effectiveness of the Board on an annual basis.

The Board evaluation process involves having the directors complete a performance evaluation form seeking their evaluation on various aspects of board performance, such as the Board's level of governance, effective delegation to the Board committees, leadership and accountability. The Company Secretary compiles the directors' evaluation into a consolidated report. The report is discussed at the NC meeting and is also shared with the entire Board. The NC was also able to assess the Board Committees through their regular reports to the Board on their activities.

The NC had reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and was of the view that the performances of the Board Committees and the Board had been satisfactory.

Guideline 5.3

Evaluation of Individual Directors

Each individual Director conducts a self-assessment of his own performance as a Director. The individual Directors' self-assessment forms are submitted to the NC for its evaluation.

Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his duties as a Director of the Company. For the current year, the Board was satisfied that each Director had allocated sufficient time and resources to the affairs of the Company.

Based on the assessment done on the contribution of individual directors, the NC was of the view that each Director had adequately carried out his or her duties as a Director and had contributed to the satisfactory performance of the Board.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines 6.1 and 6.2

Board's Access to Information

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognizant of the decisions and actions of the Management. The Management provides the Board with regular management reports, which includes budgets, forecasts and quarterly management accounts. In respect of budgets, any material variances between the projections and actual results are explained to the Board. Management provides Directors with information whenever necessary and board papers are sent to Directors before each Board and Board Committee meetings. The Board has unrestricted access to the Company's records and information.

As and when required, senior members of management staff are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at board meetings, or by external consultants engaged on specific projects.

Guideline 6.3

Board's Access to Company Secretary

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary attends all Board meetings and meetings of the Committees of the Company and ensures that relevant board and board committee procedures are followed and that applicable rules and regulations are complied with.

Corporate Governance Report

Guideline 6.4

Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Guideline 6.5

Board's Access to Independent Professional Advice

Each Director has the right to seek independent legal and other professional advices, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his own remuneration.

Guidelines 7.1 and 7.2

Remuneration Committee

The RC comprises three Directors, all of whom are independent. The members of the RC are:

| | |
|------------------------------------|------------------------|
| Mr Lau Ping Sum, Pearce (Chairman) | (Independent Director) |
| Mr Foo See Jin | (Independent Director) |
| Mr Chuang Keng Chiew | (Independent Director) |

Mr Chuang Keng Chiew was appointed as a member of the RC in place of Mr Lee Ah Fong on 24 May 2019.

The RC recommends to the Board a framework of remuneration for the directors and executive officers, and reviews the specific remuneration package for each executive director and the CEO. The RC recommends to the Board where appropriate the terms of renewal of service agreements for directors who entered into service agreement with the Company.

The RC functions under the Terms of Reference which sets out its responsibilities as follows:

- To recommend to the Board a framework for remuneration for the directors and key executives of the Company;
- To review the specific remuneration packages for each executive director;
- To recommend the compensation framework for non-executive directors to the Board of Directors and review the appropriateness of the compensation for non-executive directors for approval at the AGM;
- To review the Group's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous;
- To review the remuneration of employees who are immediate family members of a director or the CEO to ensure that the remuneration of each of such employees is commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her; and
- To review and recommend the engagement of remuneration consultant on the request of management or as it deems appropriate for the Company.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration.

Guideline 7.3

RC's Access to Advice on Remuneration Matters

The recommendations of the RC will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

Guideline 7.4

Service Contract

Each of the Executive Directors and key management personnel has an employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on an ongoing basis or with a specified term, and no onerous or over-generous removal clauses are contained in the letter of employment.

LEVEL AND MIX OF REMUNERATION

Disclosure on Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guideline 8.1

Remuneration of Executive Directors and Key Management Personnel

The level and mix of each remuneration package of the executive directors are designed after considering the market's pay and employment conditions within the industry and in comparable companies, the individual's level of responsibilities, the Company's relative performance and the performance of individual Directors. As part of its review, the RC ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interest with the long-term interest and risk policies of the company and of the shareholders, and link rewards to corporate and individual performance.

Service agreements are in place between each executive director and the Company. The remuneration structure provides for basic salaries, annual wage supplement, and incentive bonus which is tied to the performance of the Group. Key management staff is compensated on a fixed plus variable basis.

The RC would periodically review the Group's remuneration framework to ensure compensation for executive directors and key management staff remains linked to both individual's and Group's performance for long-term sustainability.

Guideline 8.2

Long-term Incentive Scheme

Currently, the Company has no long term incentive scheme. The RC has reviewed and is satisfied that the existing remuneration structure for Executive Directors and key management personnel for their fixed and variable components to be paid out in cash would continue to be adequate in incentivising performance without being excessive.

Guideline 8.3

Remuneration of Non-Executive Directors

For Independent Non-Executive Directors of the Company, the structure and level of directors' fees are tied to their respective roles and responsibilities on the Board and Committees. The directors' contributions and attendance at meetings are taken into consideration in determining the directors' fee structure.

Corporate Governance Report

Guideline 8.4 Contractual Provisions

Currently there is no contractual provision to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the issuer. The RC would review such contractual provision as and when necessary and would put forward to the Board.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies, to enable investors to understand the link between remuneration paid to Directors and key management personnel and performance.

Guidelines 9.1, 9.2 and 9.3 Remuneration Report

Remuneration of Directors and the CEO

A breakdown showing the level and mix of each director's remuneration for the financial year ended 31 March 2019 is as follows:

| Remuneration Band and Name of Director | Fee % | Salary % | Bonus % | Other Benefits* |
|--|-------|----------|---------|-----------------|
| \$3,000,000 to \$3,250,000 | | | | |
| Lim Keen Ban (also CEO) | 3 | 15 | 81 | 1 |
| \$2,000,000 to \$2,250,000 | | | | |
| Lim Jit Ming | 2 | 21 | 75 | 2 |
| \$1,750,000 to \$2,000,000 | | | | |
| Yu Chuen Tek | 3 | 23 | 72 | 2 |
| \$1,000,000 to \$1,250,000 | | | | |
| Lim Jit Yaw | 4 | 28 | 65 | 3 |
| Below \$250,000 | | | | |
| Chin Sek Peng, Michael | 100 | - | - | - |
| Lau Ping Sum, Pearce | 100 | - | - | - |
| Lee Ah Fong | 100 | - | - | - |
| Foo See Jin | 100 | - | - | - |
| Long Foo Pieng | 100 | - | - | - |

* Other benefits refer to benefits-in-kind such as car, club membership, etc. which are made available to directors, as appropriate.

The Board is of the view that it is in the best interests of the Company that specific details of the remuneration of each individual Director and key management be kept confidential. The Board believes that the disclosure provided is in the interest of the Company as it would avoid a situation where the information might be exploited by the competitors, while allowing directors and key management staff to maintain some degree of their personal confidentiality on remuneration matters.

Remuneration of Key Executives

The remuneration paid to the key management personnel (who are not Directors or the CEO) for FY2019 is as follows:

| | Salary % | Bonus % | Other Benefits* % | Total % |
|---------------------------------|-------------|------------|----------------------|------------|
| S\$500,000 to S\$749,999 | | | | |
| Tay Liam Khoon | 52 | 47 | 1 | 100 |
| S\$250,000 to S\$499,999 | | | | |
| Lim Yin Chian | 67 | 26 | 7 | 100 |
| Yuen King Yu Andrew | 66 | 32 | 2 | 100 |
| Cheah Yok Khian Dorris | 61 | 12 | 27 | 100 |
| Krist Chatikaratana | 36 | 61 | 3 | 100 |
| Below S\$250,000 | | | | |
| Tshai Kin Chon Ivan | 72 | 28 | 0 | 100 |
| Tan Han Lim Alvin** | 45 | 44 | 11 | 100 |

* Other benefits refer to benefits-in-kind such as car, housing allowances, etc. which are made available to key management personnel, as appropriate.

** Joined in the second half of the year.

The aggregate of total remuneration paid or accrued to the key management personnel (who are not directors or the CEO) for FY2019 was S\$2,490,250.

Guideline 9.4 Immediate Family Member of Directors or the CEO

The following are employees who are immediate family members of a director or the CEO and whose remuneration exceeds S\$50,000 during the financial year ended 31 March 2019:

| | Relationship to Chairman & CEO |
|----------------------------------|--------------------------------|
| \$250,000 to \$299,999 | |
| Chia Nyok Song @ Cheah Yoke Heng | Spouse |
| \$200,000 to \$249,999 | |
| Cheah Kok Chong | Brother-in-law |
| \$100,000 to S\$149,999 | |
| Lim Hui Ying | Granddaughter |
| \$50,000 to \$99,999 | |
| Sim Kee Hoon | Sister-in-law |

Corporate Governance Report

Guideline 9.5 Share Incentive Scheme

The Company does not have any share option or other share incentive schemes for its employees.

Guideline 9.6 Link between Remuneration and Performance

The disclosures in Guidelines 8.1 and 8.3 set out the link between remuneration and performance for Executive Directors, key management personnel and Non-Executive Directors.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guideline 10.1 Accountability for Company's Performance, Position and Prospects

The Board provides a balanced and meaningful assessment of the Group's financial performance and prospects regularly through financial statements, announcement of results to shareholders and the SGX-ST as well as the Chairman's statement, and review of operations in the annual report. Financial results are released on a quarterly basis to the shareholders through SGXNET.

Guideline 10.2 Compliance with Legislative and Regulatory Requirements

The Board is accountable to the shareholders and is mindful of its obligations to ensure compliance with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of the Listing Manual to undertake to use their best endeavours to comply with the Listing Rules and to procure that the Company shall so comply. The Directors have also procured a similar undertaking by the Financial Controller in his capacity as an Executive Officer.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously together with such meetings.

Financial results and annual reports will be announced or issued within legally prescribed periods. The Board ensures timely and full disclosure of information on material corporate developments to shareholders.

The Board also reviews regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements.

Guideline 10.3 Management Accounts

Management of the Company provides the Board with balanced and understandable accounts of the Group's performance, financial position and business prospects on a quarterly basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines 11.1 and 11.2

Risk Management and Internal Controls

The Board with the assistance of the AC reviews the effectiveness of the Group's material internal controls to address key financial, operational, information technology and compliance risks. In this respect, the AC reviews the audit plans, and the findings of the external and internal auditors and ensures that Management follows up on the auditors' recommendations raised during the audit process. Additionally, the Board acknowledges that no cost effective internal control system will preclude all errors and irregularities. An internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group regularly reviews its business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

Guideline 11.3

Board's Comment on Adequacy and Effectiveness of Internal Controls

The Management reviews all significant control policies and procedures and will highlight all significant matters to the Board of Directors and the AC.

For the financial year ended 31 March 2019, the Board had received assurance from the CEO and Financial Controller in the execution of their respective duties as CEO and Financial Controller and to the best of their knowledge and belief the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and the Company's risk management and internal controls systems are effective to address the key risks of the Company and its subsidiaries.

During the year, the AC on behalf of the Board had reviewed the effectiveness of the Group's risk management system and internal controls in light of key business and financial risks affecting the operations. The Group's financial risk management objectives and policies are discussed under Note 35 of the Financial Statements.

Based on the risk management system and internal controls established and maintained by the Group, the assurance from the CEO and Financial Controller as described above and work performed by the external and internal auditors ("auditors") and discussions with them, including the Management's responses to the auditors' recommendations for improvements to the Group's internal controls, the Board is of the opinion that the Group's risk management systems and internal controls of the Group are adequate and effective in addressing the key financial, operational, compliance and information technology risks which are significant as at reporting date. The AC concurs with the Board's opinion based on their reviews of audit findings on internal controls and risks with the internal and external auditors.

The Board notes that system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Corporate Governance Report

Guideline 11.4 Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of the internal auditor. Having considered the nature and scope of the Group's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1 AC Membership

The establishment of an AC is to assist the Board in discharging its fiduciary responsibilities pertaining to accountability to the Company's shareholders and maintaining high standards of corporate governance.

The AC comprises the following members:

| | |
|--------------------------------------|-----------------------------|
| Mr Chin Sek Peng, Michael (Chairman) | (Lead Independent Director) |
| Mr Lau Ping Sam, Pearce | (Independent Director) |
| Mr Chuang Keng Chiew | (Independent Director) |

Mr Chuang Keng Chiew is appointed as a member of the Audit Committee in place of Mr Lee Ah Fong on 24 May 2019.

Guideline 12.2 Expertise of AC Members

The Chairman of the AC, Mr Chin Sek Peng, Michael, is a public accountant and a fellow practising member of the Institute of Singapore Chartered Accountants ("ISCA"), a fellow member of the Institute of Chartered Accountants in England and Wales. He was formerly a council member of ISCA and the Chairman of the Public Accounting Practice Committee. Mr Lau Ping Sum has the requisite financial experience having previously chaired for more than 10 years as the AC of another listed company. The AC benefits from Mr Chuang Keng Chiew's legal experience as a practicing lawyer in reviewing issues with a legal perspective. Mr Chuang will also attend relevant training as an AC member. The Board is satisfied that Mr Chin and Mr Lau have recent and relevant accounting or related financial management expertise or experience, facilitated by Mr Chuang's legal expertise to discharge the AC's functions.

Guideline 12.3 Authority of AC

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

Guideline 12.4
Roles and Responsibilities of AC

The AC is guided by the following Terms of Reference, which include the following:

- (a) To review the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before submission to the Board, focusing on such matters as:
 - going concern assumption
 - compliance with financial reporting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the audit
 - major areas of judgment and estimates, and
 - any other functions which may be agreed by the AC and the Board.
- (b) To review the audit plans of the Group with the external and internal auditors and their evaluation of internal accounting controls including Management responses;
- (c) To review the findings relating to auditing matters as presented by the external and internal auditors including any other matters which the external and internal auditors wish to discuss with the AC in the absence of Management;
- (d) To review findings of any internal investigations and Management's response;
- (e) To review the effectiveness and adequacy of the internal audit function;
- (f) To review the independence of the external auditors and make recommendations to the Board on the appointment, re-appointment and removal of the external auditors;
- (g) To review interested person transactions and potential conflicts of interest situations that may arise including any transactions, procedures or courses of action that raise questions about Management's integrity; and
- (h) To review complaints that may raise concerns about possible improprieties or irregularities that require the AC to review and if required, investigate with the support of external professional service firms.

The AC had presented a report to the Board in respect of:

- (i) the co-operation given by the Company's officers to the external and internal auditors and whether the auditors in the course of carrying out their duties, were obstructed or impeded by Management;
- (ii) the adequacy of the Group's internal accounting control system and its internal control procedures as reported by the external and internal auditors to the AC;
- (iii) compliance with legal and other regulatory requirements; and
- (iv) any other matters which, in the AC's opinion, should be brought to the attention of the Board.

Corporate Governance Report

Commentary on key audit matter set out in the Independent Auditor's Report

The AC noted the key audit matter raised by the independent auditor in its audit report to the members of Cortina Holdings Limited. Key audit matters are those matters that, in the external auditor's professional judgement, were of most significance in their audit of the financial statements of the current reporting year. Below sets out the AC's comments to the key audit matter.

| Key audit matter involving significant judgement and estimates | Matter considered | Conclusion by AC |
|---|---|---|
| Net realisable value of inventories | <p>In the Group's statement of financial position, gross inventories net of obsolescence provision amounted to S\$163 million at 31 March 2019 (2018: S\$181 million) and this accounted for approximately 57% of total assets of the Group at reporting date. The Group's inventories comprised luxury timepieces and accessories that are of different brands and ages.</p> <p>The Singapore financial reporting standards require inventories to be stated at the lower of cost and net realisable value ("NRV"). NRV can be lower than cost due to a variety of reasons such as (i) decline in demand, (ii) physical damage to the goods or (iii) obsolescence due to old age. All these reasons may result in the inventory being sold at below cost. When NRV is lower than cost, the inventory would need to be reduced by an allowance for obsolete inventories. The lower of cost and NRV is consistent with the principle of asset impairment which requires assets not to be reported in the statement of financial position in excess of the amounts to be covered.</p> <p>As the monetary value of inventories in the Group's statement of financial position is highly significant, assessing the amount of allowances to be made for the Group's inventories is a key audit matter given that such inventory provision requires management to make significant judgement and estimates based on factors such as historical allowance experience, future demand and selling prices and ageing of the watches.</p> <p>Management has in prior years established a provisioning policy that is consistent and prudent based on the principle that the older the watch, the higher the provision given that the risk of a watch being sold lower than cost is higher. The auditor has reviewed the provisioning policy and carried out the audit procedures as stated in its auditor's report. No adverse findings were reported to the AC by the external auditor on this matter. At 31 March 2019, the inventory obsolescence provision amounted to approximately S\$12.8 million compared to prior year of S\$12.5 million. This is disclosed in Note 21 to the financial statements.</p> | <p>The AC is satisfied that inventories are stated at the lower of cost and net realisable value based on the following:</p> <ul style="list-style-type: none"> (I) Conducted discussions with external auditor including the review of the audit procedures carried out by the external auditor, (II) Evaluated any significant findings on inventories reported to the AC by external auditor, (III) Made enquiries of management on any significant issues relating to inventories including adequacy on allowance for obsolete inventories, and (IV) Reviewed the ageing of the inventories and the allowance policy established by management which AC considered is prudent and has been applied in the manner consistent with prior years. |

Guideline 12.5**Meeting with External and Internal Auditors without Presence of Management**

The AC meets with both the external and internal auditors without the presence of the Management at least once a year. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly with the AC.

Guideline 12.6**Independence of External Auditors**

The Company confirms compliance with Rules 712, 715 and 716 of the Listing Manual. RSM Chio Lim LLP is the external auditors of the Company and its Singapore subsidiaries and is registered with the Accounting and Corporate Regulatory Authority. The names of the auditors of the Company's subsidiaries and its associated companies are disclosed in note 17 of the financial statements. The Board and the ARMC are satisfied that the appointment of different auditors for its foreign subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the Group.

The AC has reviewed the non-audit services rendered to the Group by the external auditors. During the year, the fees paid to the external auditors of the Company for non-audit services amounted to S\$32,000 or 17.5% of the total fees. Having satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the AC recommended their re-nomination to the Board.

Guideline 12.7**Whistle-blowing Policy**

The Company has in place a whistle-blowing framework to deal with staff concerns about improprieties. The AC oversees the administration of the framework and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions.

The staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties on matters of financial reporting or other matters to the Executive Directors or the Human Resource Department, for onward forwarding to the AC Chairman. The Company also makes known to such complainants that they may, if they so wish, make direct reports to the AC. The written and circulated whistleblowing policy and procedures also sets out the procedures for raising concern or making complaints, and the process of investigation. Such concerns raised are independently investigated and appropriate follow-up action taken.

The Company will treat all information received as confidential and protect the identity and interest of all whistleblowers. Following investigation and evaluation of a complaint the AC will decide whether the matter needs further follow up and appropriate action to be taken. If the AC decides not to proceed with the investigation, the decision must be explained as fully as possible to the person who raised the concern. The action determined by the AC will then be brought to the Board or to appropriate members of senior management, for improvements or remedial actions, as appropriate.

The whistle-blowing policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

Guideline 12.8**AC to keep Abreast of Changes to Accounting Standards**

The AC is kept abreast by the Management, external and internal auditors on the changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

Guideline 12.9**Partners or Directors of the Company's Auditing Firm**

No former partner or Director of the Company's existing auditing firm or auditing corporation is a member of the AC.

Corporate Governance Report

INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines 13.1 and 13.2 Internal Auditors

The Company has engaged One e-Risk Services Pte Ltd as its internal auditor.

The Internal Auditor reports directly to the AC. The AC ensures that the internal audit function has appropriate standing with the management and staff and has unfettered access to the AC and all the company's documents, records, properties and personnel. The AC has assurance from the Internal Auditor that it has the capacity and resources for the internal audit function to be adequately resourced.

Guidelines 13.3 & 13.4 Internal Audit Function

The AC is satisfied that the Internal Audit Function is staffed with persons with the relevant qualifications and experience. The Internal Audit function follows essentially the Standards for Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The primary functions of Internal Audit are:

- (a) To assess if adequate systems of internal controls are in place to safeguard the funds and assets of the Group, and to ensure that control procedures are complied with;
- (b) To assess if the business processes under review are conducted efficiently and effectively; and
- (c) To identify and recommend improvement to internal control procedures, where required.

Guideline 13.5 Adequacy and Effectiveness of Internal Audit Function

The AC reviews the audit plans of the Internal Auditor, ensures that adequate resources are directed to carry out those plans, and reviews the results of the Internal Auditor's examination of the Company's system of internal controls. The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

COMMUNICATION WITH SHAREHOLDERS

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guideline 14.1 Sufficient Information to Shareholders

The Board strives to ensure that timely disclosure is made regarding all material business matters affecting the Group so as to maintain a high level of transparency. All announcements by the Company are made through SGXNET.

The Group also maintains a website at <http://www.cortina.com.sg> at which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group.

Guideline 14.2**Providing Opportunity for Shareholders to Participate and Vote at General Meetings**

Every shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice of meeting is given to shareholders to attend the meeting or appoint proxies to attend and vote in their stead.

At the annual general meeting, shareholders are given the opportunity to express their views and ask the Board and Management questions regarding the operations of the Company. All resolutions at general meetings are required to be voted by poll under the Listing Rules of the SGX-ST. Shareholders will be briefed by the Company on the poll voting procedures at general meetings. The Directors, including the chairpersons of each of the Board Committees are available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Guideline 14.3**Proxies for Nominee Companies**

The Company will have separate resolutions at general meetings on each distinct issue. The Company's Constitution allows a member (other than a relevant intermediary as defined in section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries who include CPF agent banks nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

All resolutions at the forthcoming AGM would be put to vote by poll in accordance with the Listing Rule of SGX-ST so as to allow greater transparency and more equitable participation by shareholders.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**Guidelines 15.1 and 15.2****Timely information to shareholders**

In line with continuous obligations of the Company pursuant to the Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

- (a) SGXNET announcements and news release;
- (b) Annual Report prepared and issued to all shareholders;
- (c) Press releases on major developments of the Group;
- (d) Notices of and explanatory memoranda for AGM and Extraordinary General Meetings ("EGM"); and
- (e) Company's website at www.cortina.com.sg where shareholders can access information on the Group.

Corporate Governance Report

Guidelines 15.3 and 15.4

Engagement with shareholders

The Company's AGMs and EGMs are the principal forums for dialogue with shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meetings to answer any questions relating to the work of these Committees. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend AGMs/EGMs to ensure a high level of interaction and to stay informed of the Group's strategies and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET.

Guideline 15.5

Dividend

The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and retained earnings and projected capital expenditure and investments in proposing a dividend. The details of dividend payment, if any, would be disclosed via the release of the announcements through SGXNET.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guideline 16.1

Effective Shareholders' Participation

The Group supports and encourages active shareholders participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers.

The Company's Constitution allows absentee shareholders to appoint up to two proxies to attend general meetings and vote on their behalf.

Guideline 16.2

Separate Resolutions at General Meetings

The Company will have separate resolutions at general meetings on each distinct issue.

Guideline 16.3

Attendance of Chairman of the Board and Board Committees at General Meetings

The Chairman of the Audit, Remuneration and Nomination Committees as well as the external auditors are present at the AGM to address shareholders' queries, if any.

Guideline 16.4
Minutes of General Meetings

The minutes of the general meetings are taken and are available to shareholders for their inspection upon request.

Guideline 16.5
Results of resolutions by poll

All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders

OTHER CORPORATE GOVERNANCE MATTERS

Dealing in Securities

In line with Rule 1207(19) of the Listing Manual, the Company has in place a policy prohibiting dealings of the Company's securities by the Company and its Directors and officers on short-term considerations or if they are in possession of price sensitive information and during the period two weeks before the release of the quarterly results or one month prior to the announcement of the Company's half year and full-year results ("restricted dealing periods"). Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

The Company issues circulars to its directors and employees to remind them of the dealing prohibition before the commencement of each restricted dealing period.

Interested Persons Transactions

There were no interested person transactions which require disclosure or shareholders' approval under SGX-ST rules regulating interested person transactions.

Material Contracts

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director or controlling shareholder.

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Statement by Directors

The directors of the company are pleased to present the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company (collectively known as “financial statements”) for the reporting year ended 31 March 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the group and company as at 31 March 2019 and the financial performance, cash flows and changes in equity of the group and the changes in equity of the company for the reporting year then ended; and
- (b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS

The directors of the company in office at the date of this statement are:

| | |
|------------------------|---|
| Lim Keen Ban | (Chairman and CEO) |
| Lim Jit Ming | (Deputy Chairman and Deputy CEO) |
| Yu Chuen Tek | (Senior Executive Director) |
| Lim Jit Yaw | (Executive Director) |
| Chin Sek Peng, Michael | (Lead Independent Director) |
| Lau Ping Sum, Pearce | (Independent Director) |
| Lee Ah Fong | (Independent Director) |
| Foo See Jin | (Independent Director) |
| Long Foo Pieng | (Independent Director) |
| Chuang Keng Chiew | (Independent Director) (Appointed on 24 May 2019) |

Statement by Directors

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

| Name of directors and company in which interests are held | Shareholdings registered in the name of the directors | |
|--|--|---------------------------------|
| | At beginning of the reporting year | At end of the reporting year |
| <u>The company</u> <u>Cortina Holdings Limited</u> | <u>Number of ordinary shares of no par value</u> | |
| Yu Chuen Tek | 8,835,015 | 8,835,015 |
| Lau Ping Sum, Pearce | 30,000 | 30,000 |
| Foo See Jin | 7,107,320 | 7,107,320 |
| Long Foo Pieng | 8,564,940 | 8,270,000 |

| Name of directors and company in which interests are held | Shareholdings in which directors are deemed to have interest | |
|--|---|---------------------------------|
| | At beginning of the reporting year | At end of the reporting year |
| <u>The company</u> <u>Cortina Holdings Limited</u> | <u>Number of ordinary shares of no par value</u> | |
| Lim Keen Ban | 69,638,425 | 70,068,425 |
| Lim Jit Ming | 52,657,490 | 52,657,490 |
| Yu Chuen Tek | 7,428,000 | 7,428,000 |
| Lim Jit Yaw | 69,638,425 | 70,068,425 |

At the beginning and end of the reporting year, Messrs Lim Keen Ban, Lim Jit Ming, and Lim Jit Yaw, who by virtue of their deemed interests of not less than 20% of the issued capital of the company, are deemed to have interests in the shares held by the company in all its subsidiaries.

The directors' interests as at 21 April 2019 were the same as those at the end of the reporting year.

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

Statement by Directors

5. OPTIONS

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed its willingness to accept re-appointment as the independent auditor of the company at the next annual general meeting of the company.

7. REPORT OF AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

| | |
|---------------------------|---|
| Mr Chin Sek Peng, Michael | (Chairman of audit committee and lead independent and non-executive director) |
| Mr Chuang Keng Chiew | (Independent and non-executive director) |
| Mr Lau Ping Sum, Pearce | (Independent and non-executive director) |

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor and the internal auditor their respective audit plans;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditor the findings and recommendations arising from their review of the group's internal controls to address key financial, operational and compliance risks, and the assistance given by the management to the internal auditor;
- Reviewed the financial statements prior to its submission to the directors of the company for adoption;
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence are safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

Statement by Directors

8. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial results and information, as announced on 24 May 2019, which would materially affect the group's and company's operating and financial performance as of the date of this report.

On behalf of the directors

Lim Keen Ban
Director

Yu Chuen Tek
Director

24 June 2019

The Statement by Directors has been signed by the directors concerned, although in this copy in this Annual Report, the directors' signatures are not shown as is the practice of many listed companies in Singapore, accords with the mandatory lodgement with Accounting and Corporate Regulatory Authority ("ACRA") of such a copy without the directors' signatures and to avoid undue publication for security reasons.

Independent Auditor's Report

TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Cortina Holdings Limited, (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS (I)) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

NET REALISABLE VALUE OF INVENTORIES

We refer to Note 2A and 2B of the financial statements for the relevant accounting policy and key sources of estimation uncertainties and Note 21 for the breakdown of inventories for the reporting year end and the annual report to the section on the audit committee's review and responses to the reported key audit matter.

The group's principal activities are in the retail and distribution of luxury timepieces and luxury accessories. The group holds inventories of \$162,764,000 (2018: \$181,183,000) as at the end of the reporting year. The cost of inventories may not be recoverable in full if those inventories are damaged, or if they become obsolete, or if their selling prices have declined.

The estimate of allowance for obsolete inventories is based on the age of these inventories, prevailing market conditions of the luxury timepieces and related products in the retail industry and historical allowance experience which require management's judgement. Management applies judgement in determining the appropriate allowance for obsolete inventories based upon a detailed technical assessment of inventories concerned including considering the future demand and future selling prices for the products and ageing analysis of inventories. This methodology relies upon assumptions made in determining the appropriate allowance percentages for each inventory category.

Independent Auditor's Report

TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

NET REALISABLE VALUE OF INVENTORIES (CONT'D)

Our procedures included:

- Reviewing the appropriateness of the policy for allowances for obsolete inventories adopted by management (taking into considerations the historical information, inventory ageing and management's technical assessment) and the group's adherence to it;
- Evaluating the appropriateness of the specific allowances for certain brands by reviewing the key assumptions adopted by the group management and comparing utilisation rates to subsequent sales records;
- Evaluating the accuracy of the group inventory ageing by checking on a sample basis that inventory items were categorised appropriately in the relevant ageing bands based on the purchase date of the inventories;
- Comparing the net realisable value of a sample of inventories to subsequent selling prices;
- Reviewing the inventory turnover days and ageing of the inventories to assess if there was any significant build up of aged inventories; and
- Assessing the adequacy of disclosures made in the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Independent Auditor's Report

TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current reporting year and are therefore considered as the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Woo E-Sah.

RSM Chio Lim LLP

Public Accountants and
Chartered Accountants
Singapore

24 June 2019

Engagement partner - effective from year ended 31 March 2017.

The Independent Auditor's Report has been signed by the Independent Auditor, although in this copy in this Annual Report, the Independent Auditor's signature is not shown as is the practice of many listed companies in Singapore, and accords with the mandatory lodgement with ACRA of such a copy without the Independent Auditor's signature.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 MARCH 2019

| | Notes | Group | |
|--|-------|----------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 |
| Revenue | 5 | 460,838 | 466,291 |
| Interest income | 6 | 206 | 81 |
| Other income and gains | 7 | 772 | 944 |
| Changes in inventories of finished goods | | (18,419) | (22,706) |
| Purchase of goods and consumables | | (325,797) | (335,409) |
| Employee benefits expense | 8 | (29,224) | (26,707) |
| Rental expense | 34 | (26,537) | (28,861) |
| Depreciation expense | 15,16 | (5,487) | (5,961) |
| Other expenses | 9 | (15,295) | (16,683) |
| Other losses | 7 | (697) | (280) |
| Finance costs | 10 | (1,185) | (1,990) |
| Share of profit/(loss) from equity-accounted associates | 18 | 9 | (23) |
| Profit before tax from continuing operations | | 39,184 | 28,696 |
| Income tax expense | 11 | (8,420) | (5,602) |
| Profit net of tax | | 30,764 | 23,094 |
| Profit attributable to owners of the parent, net of tax | | 28,966 | 22,347 |
| Profit attributable to non-controlling interests, net of tax | | 1,798 | 747 |
| Profit net of tax | | 30,764 | 23,094 |
| Earnings per share | | Cents | Cents |
| Earnings per share currency unit | | | |
| Basic | | | |
| Continuing operations | 14 | 17.5 | 13.5 |
| Diluted | | | |
| Continuing operations | 14 | 17.5 | 13.5 |

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 MARCH 2019

| | Group | |
|---|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Profit from continuing activities, net of tax | 30,764 | 23,094 |
| Other comprehensive income: | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translating foreign operations, net of tax | (442) | 1,776 |
| Total comprehensive income for the year, net of tax | 30,322 | 24,870 |
| Total comprehensive income attributable to owners of the parent | 28,574 | 23,719 |
| Total comprehensive income attributable to non-controlling interests | 1,748 | 1,151 |
| Total comprehensive income | 30,322 | 24,870 |

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

AS AT 31 MARCH 2019

| | Notes | 31.03.2019 \$'000 | Group 31.03.2018 \$'000 (Restated) | 01.04.2017 \$'000 (Restated) |
|--|-------|----------------------|---|------------------------------------|
| ASSETS | | | | |
| <u>Non-current assets</u> | | | | |
| Property, plant and equipment | 15 | 15,345 | 17,716 | 17,080 |
| Investment property | 16 | 4,350 | – | – |
| Investments in associates | 18 | 2,530 | 2,521 | 2,544 |
| Deferred tax assets | 11 | 981 | 1,002 | 773 |
| Other assets, non-current | 20 | 5,040 | 5,265 | 5,018 |
| Total non-current assets | | 28,246 | 26,504 | 25,415 |
| <u>Current assets</u> | | | | |
| Inventories | 21 | 162,764 | 181,183 | 203,889 |
| Trade and other receivables, current | 22 | 10,263 | 12,774 | 9,031 |
| Other assets, current | 23 | 1,727 | 2,860 | 2,449 |
| Cash and cash equivalents | 24 | 81,288 | 35,491 | 21,775 |
| Total current assets | | 256,042 | 232,308 | 237,144 |
| Total assets | | 284,288 | 258,812 | 262,559 |
| EQUITY AND LIABILITIES | | | | |
| <u>Equity attributable to owners of the parent</u> | | | | |
| Share capital | 25 | 35,481 | 35,481 | 35,481 |
| Other reserve | 26 | 980 | 1,372 | – |
| Retained earnings | | 162,917 | 141,402 | 124,022 |
| Equity, attributable to owners of the parent, total | | 199,378 | 178,255 | 159,503 |
| Non-controlling interests | | 8,069 | 7,652 | 6,501 |
| Total equity | | 207,447 | 185,907 | 166,004 |
| <u>Non-current liabilities</u> | | | | |
| Provisions, non-current | 27 | 1,887 | 1,792 | 1,408 |
| Other financial liabilities, non-current | 28 | 491 | 4,116 | 9,087 |
| Other liabilities | 30 | 655 | – | – |
| Deferred tax liabilities | 11 | – | 37 | 51 |
| Total non-current liabilities | | 3,033 | 5,945 | 10,546 |
| <u>Current liabilities</u> | | | | |
| Income tax payable | | 5,701 | 4,100 | 2,709 |
| Trade and other payables, current | 29 | 31,436 | 17,634 | 17,103 |
| Other financial liabilities, current | 28 | 23,492 | 40,003 | 63,123 |
| Other liabilities, current | 30 | 13,179 | 5,223 | 3,074 |
| Total current liabilities | | 73,808 | 66,960 | 86,009 |
| Total liabilities | | 76,841 | 72,905 | 96,555 |
| Total equity and liabilities | | 284,288 | 258,812 | 262,559 |

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

AS AT 31 MARCH 2019

| | Notes | 31.03.2019 \$'000 | Company 31.03.2018 \$'000 | 01.04.2017 \$'000 |
|--|-------|----------------------|---------------------------------|----------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 15 | 557 | 199 | 205 |
| Investment property | 16 | 4,350 | – | – |
| Investments in subsidiaries | 17 | 56,492 | 56,065 | 54,554 |
| Investments in associates | 18 | 1,000 | 1,000 | 1,000 |
| Trade and other receivables, non-current | 19 | – | – | 3,469 |
| Total non-current assets | | 62,399 | 57,264 | 59,228 |
| Current assets | | | | |
| Trade and other receivables, current | 22 | 9,228 | 8,394 | 2,844 |
| Other assets, current | 23 | 67 | 13 | 13 |
| Cash and cash equivalents | 24 | 2,426 | 504 | 375 |
| Total current assets | | 11,721 | 8,911 | 3,232 |
| Total assets | | 74,120 | 66,175 | 62,460 |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to owners of the parent | | | | |
| Share capital | 25 | 35,481 | 35,481 | 35,481 |
| Retained earnings | | 31,574 | 25,565 | 4,068 |
| Equity, attributable to owners of the parent, total | | 67,055 | 61,046 | 39,549 |
| Non-controlling interests | | – | – | – |
| Total equity | | 67,055 | 61,046 | 39,549 |
| Non-current liabilities | | | | |
| Other financial liabilities, non-current | 28 | 106 | – | – |
| Total non-current liabilities | | 106 | – | – |
| Current liabilities | | | | |
| Income tax payable | | 315 | 290 | 197 |
| Trade and other payables, current | 29 | 6,577 | 4,839 | 22,714 |
| Other financial liabilities, current | 28 | 67 | – | – |
| Total current liabilities | | 6,959 | 5,129 | 22,911 |
| Total liabilities | | 7,065 | 5,129 | 22,911 |
| Total equity and liabilities | | 74,120 | 66,175 | 62,460 |

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

YEAR ENDED 31 MARCH 2019

| | Total equity \$'000 | Attributable to parent sub-total \$'000 | Share capital \$'000 | Translation reserve \$'000 | Retained earnings \$'000 | Non- controlling interests \$'000 |
|---|---------------------------|--|----------------------------|----------------------------------|--------------------------------|--|
| Group | | | | | | |
| Current year: | | | | | | |
| Opening balance at 1 April 2018 | 185,907 | 178,255 | 35,481 | (7,460) | 150,234 | 7,652 |
| Adjustments to beginning balance (Note 38) | - | - | - | 8,832 | (8,832) | - |
| Restated opening balance at 1 April 2018 | 185,907 | 178,255 | 35,481 | 1,372 | 141,402 | 7,652 |
| Changes in equity: | | | | | | |
| Total comprehensive income for the year | 30,322 | 28,574 | - | (392) | 28,966 | 1,748 |
| Dividends paid (Note 13) | (8,782) | (7,451) | - | - | (7,451) | (1,331) |
| Closing balance at 31 March 2019 | 207,447 | 199,378 | 35,481 | 980 | 162,917 | 8,069 |
| Previous year: | | | | | | |
| Opening balance at 1 April 2017 | 166,004 | 159,503 | 35,481 | (8,832) | 132,854 | 6,501 |
| Adjustments to beginning balance (Note 38) | - | - | - | 8,832 | (8,832) | - |
| Restated opening balance at 1 April 2017 | 166,004 | 159,503 | 35,481 | - | 124,022 | 6,501 |
| Changes in equity: | | | | | | |
| Total comprehensive income for the year | 24,870 | 23,719 | - | 1,372 | 22,347 | 1,151 |
| Dividends paid (Note 13) | (4,967) | (4,967) | - | - | (4,967) | - |
| Closing balance at 31 March 2018 | 185,907 | 178,255 | 35,481 | 1,372 | 141,402 | 7,652 |

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

YEAR ENDED 31 MARCH 2019

| | Total equity \$'000 | Share capital \$'000 | Retained earnings \$'000 |
|---|------------------------------------|-------------------------------------|---|
| Company | | | |
| Current year: | | | |
| Opening balance at 1 April 2018 | 61,046 | 35,481 | 25,565 |
| Changes in equity: | | | |
| Total comprehensive income for the year | 13,460 | – | 13,460 |
| Dividends paid (Note 13) | (7,451) | – | (7,451) |
| Closing balance at 31 March 2019 | 67,055 | 35,481 | 31,574 |
| Previous year: | | | |
| Opening balance at 1 April 2017 | 39,549 | 35,481 | 4,068 |
| Changes in equity: | | | |
| Total comprehensive income for the year | 26,464 | – | 26,464 |
| Dividends paid (Note 13) | (4,967) | – | (4,967) |
| Closing balance at 31 March 2018 | 61,046 | 35,481 | 25,565 |

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED 31 MARCH 2019

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Cash flows from operating activities | | |
| Profit before tax | 39,184 | 28,696 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment and investment property | 5,487 | 5,961 |
| Impairment of investment property | 281 | – |
| Interest income | (206) | (81) |
| Interest expense | 1,185 | 1,990 |
| Share of (profit)/loss from equity-accounted associates | (9) | 23 |
| Gains on disposal of plant and equipment | (256) | (136) |
| Property, plant and equipment written off | 200 | 162 |
| Provisions, non-current | 66 | 145 |
| Operating cash flows before changes in working capital | 45,932 | 36,760 |
| Inventories | 17,649 | 24,881 |
| Trade and other receivables | 2,405 | (3,526) |
| Other assets | 1,371 | (658) |
| Trade and other payables | 14,018 | 607 |
| Other liabilities | 8,619 | 1,912 |
| Net cash flows generated from operations | 89,994 | 59,976 |
| Income taxes paid | (6,827) | (4,597) |
| Net cash flows generated from operating activities | 83,167 | 55,379 |
| Cash flows from investing activities | | |
| Disposal of property, plant and equipment | 424 | 160 |
| Purchase of plant and equipment (Note 24B) | (2,925) | (5,826) |
| Purchase of investment property | (4,685) | – |
| Interest received | 206 | 81 |
| Net cash flows used in investing activities | (6,980) | (5,585) |
| Cash flows from financing activities | | |
| Increase in new borrowings | – | 5,615 |
| Decrease in other financial liabilities | (20,122) | (34,382) |
| Decrease in finance leases (Note 24B) | (343) | (237) |
| Interest paid | (1,185) | (1,990) |
| Dividends paid | (7,451) | (4,967) |
| Dividend paid to a non-controlling interest of a subsidiary | (1,330) | – |
| Net cash flows used in financing activities | (30,431) | (35,961) |
| Net increase in cash and cash equivalents | 45,756 | 13,833 |
| Cash and cash equivalents, statement of cash flows, beginning balance | 35,491 | 21,761 |
| Effect of foreign exchange rate adjustments | 41 | (103) |
| Cash and cash equivalents, statement of cash flows, ending balance (Note 24A) | 81,288 | 35,491 |

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

31 MARCH 2019

1. GENERAL

The company is incorporated in Singapore with limited liability. It is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are presented in Singapore dollars and they cover the company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The company is an investment holding company and provides management services to its subsidiaries and associates. The principal activities of the subsidiaries are described in Note 17 to the financial statements.

The registered office and the principal place of business of the company is located at 391B Orchard Road, #18-01 Ngee Ann City Tower B, Singapore 238874. The company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements for the year ended 31 March 2019 are the first the group and the company have prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS (I) INT") as issued by the Singapore Accounting Standards Council. Accordingly, the group and the company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in Note 36. On preparing the financial statements, the group's and the company's opening statements of financial position were prepared as at 1 April 2017, the group's and the company's date of transition to SFRS(I).

These financial statements are in compliance with the provisions of the Companies Act, Chapter 50.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Notes to the Financial Statements

31 MARCH 2019

1. GENERAL (CONT'D)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary, with any resulting gain or loss recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income and separate statement of cash flows are not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Other income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Interest income is recognised using the effective interest method.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain overseas subsidiaries have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

For a subsidiary incorporated in Thailand, provision for post-employment benefits is made in accordance with Thai Labour Law and the company's staff manual which is calculated using the last salaries as of reporting date in conjunction with discount rates, mortality rates, employee turnover rates and expected number of years of service.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

The direct method is used whereby the financial statements of the foreign operations are translated directly into the functional currency of the ultimate parent.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

| | | |
|---------------------|---|---|
| Freehold property | - | 2% |
| Leasehold property | - | Over terms of lease which is approximately 2% |
| Plant and equipment | - | 16.67% to 50% |
| Assets in progress | - | Not depreciated |

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 27 on non-current provisions.

Investment property

Investment property is property, land or a building or part of building or both owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes, the fair values are measured periodically on a systematic basis at least once in three years by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The annual rate of depreciation is as follows:

| | | |
|--------------------|---|----|
| Leasehold property | - | 2% |
|--------------------|---|----|

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

Inventories are measured at the lower of cost (on the specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

Classification and measurement of financial assets:

- #1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- #2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
- #3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
- #4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Hedging

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the financial assets and liabilities. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2B. OTHER EXPLANATORY INFORMATION

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2C. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement that could materially affect the carrying amount of inventories including the ornament timepieces at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 21 on inventories.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2C. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

Allowance for trade receivables:

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 22 on trade and other receivables.

Income tax amount:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in Note 11 on income tax.

Property, plant and equipment and investment property:

An assessment is made for the reporting year on whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable are measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year is disclosed in Note 15 on property, plant and equipment and Note 16 on the investment property.

Useful lives of property, plant and equipment and investment property:

The estimates for the useful lives and related depreciation charges for property, plant and equipment and investment property are based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the property, plant and equipment and investment property at the end of the reporting year is disclosed in Note 15 and Note 16 respectively.

Notes to the Financial Statements

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2C. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

Gain on sale on investment property:

In prior reporting year, the company disposed its investment property classified as assets held for sales located at 1 Coleman Street, The Adelphi, #05-06, Singapore 179803 for an aggregate consideration of \$5,403,000. The disposal resulted in a gain of \$748,000, which is presented in other gains in the consolidated statement of profit or loss. The management has considered the gain to be capital in nature and therefore management is of the view that the gain on the aforesaid disposal is not taxable. Accordingly, no income tax liability has been recognised on the capital gains.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3A. RELATED PARTY TRANSACTIONS

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

| | Associates | | Non-controlling shareholder of subsidiary | |
|-------------------|----------------|----------------|--|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Purchase of goods | 24 | 24 | 7 | 10 |

Notes to the Financial Statements

31 MARCH 2019

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3B. KEY MANAGEMENT COMPENSATION

| | Group | |
|---|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Salaries and other short-term employee benefits | 10,943 | 8,859 |

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

| | Group | |
|---|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Remuneration of directors of the company | 7,863 | 6,221 |
| Remuneration of directors of the subsidiaries | 1,171 | 1,069 |
| Fees payable to directors of the company | 590 | 521 |

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors and key executives.

3C. COMMITMENTS AND CONTINGENCIES

Bank facilities of \$206,543,000 (2018: \$228,902,000) extended to subsidiaries are guaranteed by the company. A fee is not charged for these corporate guarantees and not recorded at the company level as the amount of the charge involved is not significant. It has no effect at the group level.

Notes to the Financial Statements

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4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

4A. INFORMATION ABOUT REPORTABLE SEGMENT PROFIT OR LOSS, ASSETS AND LIABILITIES

SFRS(I) 8 requires the disclosure of information about operating segments, products and services, the geographical areas and the major customers. It is a disclosure standard which results in a redesignation of the group's reportable segments, but it has no impact on the reported financial performance or financial position of the group.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) wholesale and (2) retail. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

The retail segment is involved in retailing of timepiece, branded pens and accessories (the "Retail").

The wholesale segment is involved in wholesale of timepiece and luxury branded accessories (the "Wholesale").

Others operations include provision of other support services.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, other assets and cash and cash equivalents. Segment liabilities comprise trade and other payables, other financial liabilities, provisions and other liabilities. Unallocated items comprise mainly investment in associates, deferred tax assets, deferred and current tax liabilities.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before income taxes and other unallocated items (called "ORBT").

Notes to the Financial Statements

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4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4B. PROFIT AND LOSS FROM CONTINUING OPERATIONS AND RECONCILIATIONS

| | Retail \$'000 | Wholesale \$'000 | Others \$'000 | Elimination \$'000 | Group \$'000 |
|--|------------------|---------------------|------------------|-----------------------|-----------------|
| Continuing Operations 2019 | | | | | |
| Revenue by Segment | | | | | |
| Total revenue by segment | 413,505 | 46,858 | 475 | – | 460,838 |
| Inter-segment sales | 316 | 21,403 | 2,487 | (24,206) | – |
| Total revenue | <u>413,821</u> | <u>68,261</u> | <u>2,962</u> | <u>(24,206)</u> | <u>460,838</u> |
| Recurring EBITDA | | | | | |
| Finance costs | (1,162) | (26) | (16) | 19 | (1,185) |
| Depreciation | (5,262) | (125) | (100) | – | (5,487) |
| Impairment of investment property | – | – | (281) | – | (281) |
| ORBT | 32,731 | 4,855 | 14,571 | (12,982) | 39,175 |
| Share of profit from associates | – | – | 9 | – | 9 |
| Profit before tax from continuing activities | | | | | 39,184 |
| Income tax expense | | | | | (8,420) |
| Profit from continuing operations | | | | | <u>30,764</u> |
| Continuing Operations 2018 | | | | | |
| Revenue by Segment | | | | | |
| Total revenue by segment | 415,134 | 50,631 | 526 | – | 466,291 |
| Inter-segment sales | 324 | 22,827 | 2,807 | (25,958) | – |
| Total revenue | <u>415,458</u> | <u>73,458</u> | <u>3,333</u> | <u>(25,958)</u> | <u>466,291</u> |
| Recurring EBITDA | | | | | |
| Finance costs | (1,955) | (49) | (68) | 82 | (1,990) |
| Depreciation | (5,648) | (307) | (6) | – | (5,961) |
| ORBT | 20,769 | 2,870 | 26,443 | (21,363) | 28,719 |
| Share of loss from associates | – | – | (23) | – | (23) |
| Profit before tax from continuing activities | | | | | 28,696 |
| Income tax expense | | | | | (5,602) |
| Profit from continuing operations | | | | | <u>23,094</u> |

Notes to the Financial Statements

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4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4C. ASSETS AND RECONCILIATIONS

| | Retail \$'000 | Wholesale \$'000 | Others \$'000 | Elimination \$'000 | Group \$'000 |
|---------------------------|------------------|---------------------|------------------|-----------------------|-----------------|
| 2019 | | | | | |
| Segment assets | 250,694 | 27,625 | 7,423 | (4,965) | 280,777 |
| Unallocated assets: | | | | | |
| Deferred tax assets | - | - | - | - | 981 |
| Investments in associates | - | - | - | - | 2,530 |
| Total group assets | | | | | 284,288 |
| 2018 | | | | | |
| Segment assets | 234,099 | 26,043 | 738 | (5,591) | 255,289 |
| Unallocated assets: | | | | | |
| Deferred tax assets | - | - | - | - | 1,002 |
| Investments in associates | - | - | - | - | 2,521 |
| Total group assets | | | | | 258,812 |

4D. LIABILITIES AND RECONCILIATIONS

| | Retail \$'000 | Wholesale \$'000 | Others \$'000 | Elimination \$'000 | Group \$'000 |
|--------------------------------------|------------------|---------------------|------------------|-----------------------|-----------------|
| 2019 | | | | | |
| Segment liabilities | 56,971 | 7,726 | 6,766 | (323) | 71,140 |
| Unallocated liabilities: | | | | | |
| Deferred and current tax liabilities | - | - | - | - | 5,701 |
| Total group liabilities | | | | | 76,841 |
| 2018 | | | | | |
| Segment liabilities | 58,403 | 8,177 | 4,855 | (2,667) | 68,768 |
| Unallocated liabilities: | | | | | |
| Deferred and current tax liabilities | - | - | - | - | 4,137 |
| Total group liabilities | | | | | 72,905 |

Notes to the Financial Statements

31 MARCH 2019

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4E. OTHER MATERIAL ITEMS AND RECONCILIATIONS

| | Retail \$'000 | Wholesale \$'000 | Others \$'000 | Elimination \$'000 | Group \$'000 |
|--------------------------------------|------------------|---------------------|------------------|-----------------------|-----------------|
| Expenditures for non-current assets: | | | | | |
| 2019 | 3,298 | 204 | 4,685 | – | 8,187 |
| 2018 | 6,566 | – | – | – | 6,566 |

4F. GEOGRAPHICAL INFORMATION

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods and services:

| | Revenue | | Total assets | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Singapore | 218,893 | 238,870 | 159,968 | 124,182 |
| South East Asia ^(a) | 177,076 | 167,159 | 76,859 | 84,866 |
| North East Asia ^(b) | 61,844 | 55,585 | 46,480 | 48,762 |
| Others ^(c) | 3,025 | 4,677 | – | – |
| Unallocated | – | – | 981 | 1,002 |
| Total | 460,838 | 466,291 | 284,288 | 258,812 |

(a) South East Asia includes Malaysia, Thailand and Indonesia

(b) North East Asia includes Hong Kong and Taiwan

(c) Other countries include mainly Russia

Revenues are attributed to countries on the basis of the customer's location irrespective of the origin of the goods and services. The total assets are analysed by the geographical area in which the assets are located.

4G. INFORMATION ABOUT MAJOR CUSTOMERS

There are no customers with revenue transactions exceeding 10% of the group revenue.

Notes to the Financial Statements

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5. REVENUE

Revenue from contract with customers

A. Revenue classified by type of good or service:

| | Group | |
|---------------|---------|---------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Sale of goods | 458,474 | 463,443 |
| Other income | 2,364 | 2,848 |
| Total revenue | 460,838 | 466,291 |

All the contracts are less than 12 months. The revenue from sale of goods is recognised based on point in time.

6. INTEREST INCOME

| | Group | |
|---|--------|--------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Interest income from financial institutions | 206 | 81 |

7. OTHER INCOME AND GAINS AND (OTHER LOSSES)

| | Group | |
|---|--------|--------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Foreign exchange adjustments gains | 516 | 808 |
| Gains on disposal of property, plant and equipment | 256 | 136 |
| Impairment of investment property | (281) | – |
| Inventories written off | (216) | (118) |
| Property, plant and equipment written off | (200) | (162) |
| Net | 75 | 664 |
| Presented in the consolidated statement of profit or loss as: | | |
| Other income and gains | 772 | 944 |
| Other losses | (697) | (280) |
| Net | 75 | 664 |

Notes to the Financial Statements

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8. EMPLOYEE BENEFITS EXPENSE

| | Group | |
|---|--------|--------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Short term employee benefits expense | 27,474 | 25,009 |
| Contributions to defined contribution plans | 1,750 | 1,698 |
| Total employee benefits expense | 29,224 | 26,707 |

9. OTHER EXPENSES

The major components and other selected components include the following:

| | Group | |
|---------------------------|--------|--------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Advertising and promotion | 4,638 | 4,864 |
| Credit cards commission | 5,892 | 5,695 |

10. FINANCE COSTS

| | Group | |
|-------------------------------------|--------|--------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Interest expense on finance leases | 28 | 24 |
| Interest expense on bank borrowings | 1,157 | 1,966 |
| | 1,185 | 1,990 |

Notes to the Financial Statements

31 MARCH 2019

11. INCOME TAX

11A. COMPONENTS OF TAX EXPENSE RECOGNISED IN PROFIT OR LOSS INCLUDE:

| | Group | |
|--|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Current tax expense: | | |
| Current tax expense | 8,258 | 6,104 |
| Under/(Over) adjustments in respect of prior years | 178 | (259) |
| Subtotal | 8,436 | 5,845 |
| Deferred tax expense (income): | | |
| Deferred tax income | (56) | (255) |
| Under adjustments in respect of prior years | 40 | 12 |
| Subtotal | (16) | (243) |
| Total income tax expense | 8,420 | 5,602 |

The amount of income tax payable of the group as at end of the reporting year was \$5,701,000 (2018: \$4,100,000). Such an amount is net of tax advances, which, according to the tax rules, were paid before the end of the reporting year.

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2018: 17%) to profit or loss before tax as a result of the following differences:

There are no income tax consequences of dividends paid to owners of the company.

| | Group | |
|--|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Profit before tax | 39,184 | 28,696 |
| Add: Share of (profit)/loss from equity-accounted associates | (9) | 23 |
| | 39,175 | 28,719 |
| Income tax expense at the above rate | 6,659 | 4,882 |
| Expenses not deductible for tax purposes | 528 | 412 |
| Withholding tax | 351 | 112 |
| Stepped income exemption | (134) | (212) |
| Under/(Over) adjustments in respect of prior years | 218 | (247) |
| Effect of different tax rates in different countries | 820 | 513 |
| Other minor items less than 3% each | (113) | (12) |
| Unrecognised deferred tax assets | 91 | 154 |
| Total income tax expense | 8,420 | 5,602 |

Notes to the Financial Statements

31 MARCH 2019

11. INCOME TAX (CONT'D)

11B. DEFERRED TAX INCOME RECOGNISED IN PROFIT OR LOSS INCLUDES:

| | Group | |
|---|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Excess of book over tax depreciation on plant and equipment | (44) | (104) |
| Excess of tax over book depreciation on plant and equipment | 8 | (30) |
| Provisions | (100) | (280) |
| Tax losses carryforwards | 29 | 17 |
| Unrecognised deferred tax assets | 91 | 154 |
| Total deferred tax income recognised in statement of profit or loss | (16) | (243) |

11C. DEFERRED TAX BALANCES IN THE STATEMENT OF FINANCIAL POSITION:

| | Group | | |
|---|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| <u>Deferred tax assets / (liabilities) recognised in statement of financial position:</u> | | | |
| Excess of net book value of plant and equipment over tax values | (297) | (341) | (445) |
| Excess of tax values over net book value of plant and equipment | 79 | 87 | 57 |
| Provisions | 1,642 | 1,542 | 1,262 |
| Tax loss carryforwards | 605 | 634 | 651 |
| Unrecognised deferred tax assets | (1,048) | (957) | (803) |
| Total | 981 | 965 | 722 |
| Presented in the statements of financial position as follows: | | | |
| Deferred tax assets | 981 | 1,002 | 773 |
| Deferred tax liabilities | – | (37) | (51) |
| Net position | 981 | 965 | 722 |

Temporary differences arising in connection with interests in subsidiaries are insignificant.

For the deferred tax assets and liabilities it is impracticable to estimate the amount of tax to be settled or used within one year.

Notes to the Financial Statements

31 MARCH 2019

11. INCOME TAX (CONT'D)

11C. DEFERRED TAX BALANCES IN THE STATEMENT OF FINANCIAL POSITION: (CONT'D)

Certain subsidiaries of the group have unutilised tax losses of approximately \$3,561,000 (2018: \$3,729,000), available to offset against future profits. No deferred tax assets have been recognised on these tax losses as the future profit streams of these subsidiaries are not probable. The realisation of the future income tax benefits from tax carryforwards is available for unlimited future period and subject to applicable laws and agreement by relevant tax authorities, except that the following unutilised tax losses of subsidiaries in Hong Kong and Taiwan, can only be carried forward as follows:-

| | Unused gross tax losses | |
|-------------------------------|----------------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| <u>Year of expiry</u> | | |
| 2019 | 185 | 187 |
| 2020 | 484 | 490 |
| 2021 | - | - |
| 2022 | 155 | 156 |
| Indefinitely | 2,737 | 2,769 |
| Total unused gross tax losses | 3,561 | 3,602 |

12. ITEMS IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:-

| | Group | |
|------------------------------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| <u>Audit fees</u> | | |
| Independent auditor of the company | 183 | 178 |
| Other independent auditors | 64 | 56 |
| <u>Other fees</u> | | |
| Independent auditor of the company | 32 | 23 |
| Other independent auditors | 18 | 18 |

Notes to the Financial Statements

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13. DIVIDENDS ON EQUITY SHARES

| | Rate per share– cents | | Group and Company | |
|---|-----------------------|------|-------------------|----------------|
| | 2019 | 2018 | 2019 \$'000 | 2018 \$'000 |
| Final tax exempt (1-tier) dividend paid | 2.0 | 2.0 | 3,312 | 3,312 |
| Special tax exempt (1-tier) dividend paid | 2.5 | 1.0 | 4,139 | 1,655 |
| Total dividends paid in the year | 4.5 | 3.0 | 7,451 | 4,967 |

In respect of the current reporting year, the directors propose that a final tax exempt (1-tier) dividend of 2.0 cents per share and a special tax exempt (1-tier) dividend of 3.5 cents per share with a total of \$9,107,000 be paid to shareholders after the annual general meeting to be held on the 26 July 2019. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

14. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

| | Group | |
|--|-------------|-------------|
| | 2019 | 2018 |
| Numerators: Earnings attributable to equity: | | |
| Continuing operations: Attributable to equity holders (\$'000) | 28,966 | 22,347 |
| Denominators: Weighted average number of equity shares | | |
| Basic | 165,578,415 | 165,578,415 |

The weighted average number of equity shares refers to shares in circulation during the reporting period.

Basic earnings per share ratio is based on the weighted average number of common shares outstanding during each period. There is no dilution of earnings per share as there are no dilutive potential ordinary shares outstanding as at the end of the reporting year.

Notes to the Financial Statements

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15. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold/ leasehold properties \$'000 | Leasehold improvements \$'000 | Plant and equipment \$'000 | Assets in progress \$'000 | Total \$'000 |
|----------------------------------|--|-------------------------------------|----------------------------------|---------------------------------|-----------------|
| <u>Cost:</u> | | | | | |
| At 1 April 2017 | 2,085 | 18,262 | 15,668 | - | 36,015 |
| Additions | - | 4,884 | 1,276 | 406 | 6,566 |
| Disposals | - | (1,762) | (1,689) | - | (3,451) |
| Foreign exchange adjustments | 133 | 485 | 84 | - | 702 |
| At 31 March 2018 | 2,218 | 21,869 | 15,339 | 406 | 39,832 |
| Additions | - | 628 | 2,801 | 73 | 3,502 |
| Disposals | - | (825) | (2,388) | - | (3,213) |
| Reclassification | - | 406 | - | (406) | - |
| Foreign exchange adjustments | (41) | (68) | (18) | - | (127) |
| At 31 March 2019 | 2,177 | 22,010 | 15,734 | 73 | 39,994 |
| <u>Accumulated depreciation:</u> | | | | | |
| At 1 April 2017 | 546 | 10,344 | 8,045 | - | 18,935 |
| Depreciation for the year | 43 | 3,709 | 2,209 | - | 5,961 |
| Disposals | - | (1,665) | (1,600) | - | (3,265) |
| Foreign exchange adjustments | 36 | 385 | 64 | - | 485 |
| At 31 March 2018 | 625 | 12,773 | 8,718 | - | 22,116 |
| Depreciation for the year | 45 | 3,385 | 2,003 | - | 5,433 |
| Disposals | - | (747) | (2,098) | - | (2,845) |
| Foreign exchange adjustments | (13) | (32) | (10) | - | (55) |
| At 31 March 2019 | 657 | 15,379 | 8,613 | - | 24,649 |
| <u>Carrying value:</u> | | | | | |
| At 1 April 2017 | 1,539 | 7,918 | 7,623 | - | 17,080 |
| At 31 March 2018 | 1,593 | 9,096 | 6,621 | 406 | 17,716 |
| At 31 March 2019 | 1,520 | 6,631 | 7,121 | 73 | 15,345 |

Certain items are under finance lease agreements (see Note 28F).

Notes to the Financial Statements

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15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Leasehold Property \$'000 | Plant and Equipment \$'000 | Total \$'000 |
|-----------------------------------|---------------------------------|----------------------------------|-----------------|
| Company | | | |
| <u>Cost:</u> | | | |
| At 1 April 2017 and 31 March 2018 | 284 | 129 | 413 |
| Additions | – | 404 | 404 |
| At 31 March 2019 | 284 | 533 | 817 |
| <u>Accumulated depreciation:</u> | | | |
| At 1 April 2017 | 79 | 129 | 208 |
| Depreciation for the year | 6 | – | 6 |
| At 31 March 2018 | 85 | 129 | 214 |
| Depreciation for the year | 6 | 40 | 46 |
| At 31 March 2019 | 91 | 169 | 260 |
| <u>Carrying value:</u> | | | |
| At 1 April 2017 | 205 | – | 205 |
| At 31 March 2018 | 199 | – | 199 |
| At 31 March 2019 | 193 | 364 | 557 |

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16. INVESTMENT PROPERTY

| | Leasehold Property \$'000 |
|--|--|
| Group & Company | |
| <u>At cost:</u> | |
| At 1 April 2017 and 31 March 2018 | – |
| Additions | 4,685 |
| Balance at the end of the year | <u>4,685</u> |
| <u>Accumulated depreciation:</u> | |
| At 1 April 2017 and 31 March 2018 | – |
| Depreciation for the year | 54 |
| Impairment for the year (a) | 281 |
| At 31 March 2019 | <u>335</u> |
| <u>Carrying value:</u> | |
| At 1 April 2017 and 31 March 2018 | – |
| At 31 March 2019 | <u>4,350</u> |
| Fair value for disclosure purposes only: | |
| Fair value at end of the year | 4,350 |
| Rental income from investment property | – |
| Direct operating expenses (including repairs and maintenance) arising from investment property | <u>5</u> |

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

- (a) Impairment for the year is a result of change in fair value of the investment property, which renders the recoverable amount lower than its carrying amount. As a result, impairment loss of \$281,000 has been recognised to profit or loss for the financial year as other losses (See Note 7).

Notes to the Financial Statements

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16. INVESTMENT PROPERTY (CONT'D)

The fair value of the investment property was measured in May 2019 based on direct comparison with recent transactions of comparable properties within the vicinity and elsewhere to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by Edmund Tie & Company (SEA) Pte Ltd, a firm of independent professional valuers.

For fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

| | |
|---|--|
| Asset: | 43C Beach Road, Evershine & Century Complex Singapore 189681 |
| Fair Value and Fair value hierarchy – Level: | \$4,350,000 Level 3 |
| Valuation technique for recurring fair value measurements: | Comparison with market evidence of recent offer to sell prices for similar properties. |
| Significant observable inputs and range (weighted average): | Price per square meter: \$18,510 |
| Relationship of unobservable inputs to fair value: | NA. |
| Sensitivity on management's estimates – 10% variation from estimate | Impact – lower by \$435,000; higher by \$435,000. |

17. INVESTMENTS IN SUBSIDIARIES

| | 31.03.2019 | Company 31.03.2018 | 01.04.2017 |
|--------------------------------------|-------------------|-------------------------------|-------------------|
| | \$'000 | \$'000 | \$'000 |
| Unquoted equity shares: | | | |
| Balance at beginning of the year | 56,065 | 54,554 | 51,701 |
| Acquisitions | – | – | 2,853 |
| Reversal of allowance for impairment | 427 | 1,511 | – |
| Balance at the end of the year | <u>56,492</u> | <u>56,065</u> | <u>54,554</u> |
| Total cost comprising: | | | |
| Unquoted equity shares at cost | 60,628 | 60,628 | 60,628 |
| Allowance for impairment | (4,136) | (4,563) | (6,074) |
| Balance at the end of the year | <u>56,492</u> | <u>56,065</u> | <u>54,554</u> |

The increasing performance of subsidiary Cortina Watch Co. Ltd was considered sufficient to reverse the impairment loss.

| | | | |
|--------------------------------|----------------|----------------|----------------|
| Net book value of subsidiaries | <u>198,109</u> | <u>182,668</u> | <u>183,003</u> |
|--------------------------------|----------------|----------------|----------------|

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | Company | | |
|--|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| Analysis of amount denominated in non-functional currencies: | | | |
| Hong Kong Dollars | 5,142 | 5,142 | 5,142 |
| New Taiwan Dollars | 10,049 | 10,049 | 10,049 |
| Malaysian Ringgit | 33,320 | 33,320 | 33,320 |
| Thailand Baht | 4,531 | 4,531 | 4,531 |
| Movements in allowance for impairment: | | | |
| Balance at beginning of the year | 4,563 | 6,074 | 6,074 |
| Impairment loss reversed to profit or loss | (427) | (1,511) | – |
| Balance at end of the year | 4,136 | 4,563 | 6,074 |

The subsidiaries held by the company and its subsidiaries are listed below:

| Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors) | Cost in books of company | | | Effective percentage of equity held by company | | |
|--|-----------------------------|----------------------|----------------------|---|-----------------|-----------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 | 31.03.2019 % | 31.03.2018 % | 01.04.2017 % |
| Chronoswiss Asia Pte Ltd ^(a) Singapore Import and export of Chronoswiss watches | 90 | 90 | 90 | 90 | 90 | 90 |
| Cortina Watch HK Limited ^(b) Hong Kong Retail, import and export of watches (RSM Hong Kong) | 2,529 | 2,529 | 2,529 | 100 | 100 | 100 |
| Cortina Watch Pte Ltd ^(a) Singapore Retail, import and export of timepiece, branded pens and luxury accessories | 6,871 | 6,871 | 6,871 | 100 | 100 | 100 |
| Cortina Watch (Indochina) Pte Ltd ^(a) Singapore Dormant | 519 | 519 | 519 | 100 | 100 | 100 |
| Cortina Watch International Pte Ltd ^(a) Singapore Dormant | (e) | (e) | (e) | 100 | 100 | 100 |
| Cortina Watch Sdn Bhd ^(b) Malaysia Retail, import and export of watches, pens and clocks (RSM Malaysia) | 33,320 | 33,320 | 33,320 | 90 | 90 | 90 |

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors) | Cost in books of company | | | Effective percentage of equity held by company | | |
|---|-----------------------------|----------------------|----------------------|---|-----------------|-----------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 | 31.03.2019 % | 31.03.2018 % | 01.04.2017 % |
| Pactime HK Limited ^(d) Hong Kong Dormant | 2,613 | 2,613 | 2,613 | 100 | 100 | 100 |
| Pacific Time Pte Ltd ^(a) Singapore Import and export of watches | 106 | 106 | 106 | 100 | 100 | 100 |
| Cortina Watch (Thailand) Co. Ltd ^(b) Thailand Retail, import and export of watches (RSM Audit Services (Thailand) Limited) | 4,531 | 4,531 | 4,531 | 70 | 70 | 70 |
| Cortina Watch Co., Ltd ^(c) Taiwan Retail, import and export of watches (Nexia Sun Rise CPAs & Co.) | 8,757 | 8,757 | 8,757 | 100 | 100 | 100 |
| Pacific Time Co., Ltd ^(c) Taiwan Distribution of watches (Nexia Sun Rise CPAs & Co.) | 1,292 | 1,292 | 1,292 | 100 | 100 | 100 |
| | 60,628 | 60,628 | 60,628 | | | |

Held through Cortina Watch (Indochina) Pte Ltd

| | | | | | | |
|---|---|---|---|-----|-----|-----|
| Cortina Watch (Yangon) Ltd ^(d) Myanmar Dormant | – | – | – | 100 | 100 | 100 |
|---|---|---|---|-----|-----|-----|

(a) Audited by RSM Chio Lim LLP.

(b) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(c) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(d) Not audited, as it is not material and not required to be audited under the relevant laws and regulations of its country of incorporation.

(e) Cost of investment is less than \$1,000.

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited the Audit Committee and the Board of Directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

There are subsidiaries that have non-controlling interests that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

| | Group | | |
|--|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| <u>Name of the subsidiary: Cortina Watch Sdn Bhd, Malaysia</u> | | | |
| 1. The profit allocated to NCI of the subsidiary during the reporting year | 590 | 502 | 267 |
| 2. Accumulated NCI of the subsidiary at the end of the reporting year | 4,092 | 4,935 | 4,109 |
| 3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows: | | | |
| Current assets | 49,822 | 55,636 | 46,346 |
| Non-current assets | 4,541 | 5,202 | 4,368 |
| Current liabilities | 13,021 | 11,490 | 9,629 |
| Revenues | 97,143 | 92,927 | 73,588 |
| Profit for the reporting year | 5,905 | 5,022 | 2,672 |
| Total comprehensive income | 5,905 | 5,022 | 2,672 |
| Operating cash flows, increase | 9,386 | 11,796 | 4,855 |
| Net cash flows, (decrease) / increase | (3,669) | 6,749 | 1,833 |

| | Group | | |
|--|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| <u>Name of the subsidiary: Cortina Watch (Thailand) Co. Ltd, Thailand</u> | | | |
| 1. The profit allocated to NCI of the subsidiary during the reporting year | 1,232 | 269 | 143 |
| 2. Accumulated NCI of the subsidiary at the end of the reporting year | 3,763 | 2,477 | 2,129 |
| 3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows: | | | |
| Current assets | 24,331 | 25,375 | 26,142 |
| Non-current assets | 2,529 | 3,555 | 2,100 |
| Current liabilities | 13,830 | 20,528 | 21,146 |
| Revenues | 56,705 | 41,995 | 37,112 |
| Profit for the reporting year | 4,108 | 896 | 477 |
| Total comprehensive income | 4,108 | 896 | 477 |
| Operating cash flows, increase | 11,616 | 3,937 | 3,790 |
| Net cash flows, decrease | 2,981 | (125) | (8) |

Notes to the Financial Statements

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18. INVESTMENTS IN ASSOCIATES

| | Group | | |
|--|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| Movements in carrying value: | | | |
| At beginning of the year | 2,521 | 2,544 | 2,518 |
| Share of profit / (loss) for the year | 9 | (23) | 26 |
| At end of the year | 2,530 | 2,521 | 2,544 |
| Carrying value: | | | |
| Unquoted equity shares at cost | 1,000 | 1,000 | 1,000 |
| Share of post-acquisition profits, net of dividends received | 1,530 | 1,521 | 1,544 |
| | 2,530 | 2,521 | 2,544 |

| | Company | | |
|--------------------------------|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| Carrying value: | | | |
| Unquoted equity shares at cost | 1,000 | 1,000 | 1,000 |

The associates held by the company are listed below:

| Name of associates, country of incorporation, place of operations and principal activities (and independent auditors) | Effective percentage of equity held by group | | |
|--|--|-----------------|-----------------|
| | 31.03.2019 % | 31.03.2018 % | 01.04.2017 % |
| Montre Royale Distributors (Singapore) Pte Ltd ^(a) Singapore Dealers in watches | 50 | 50 | 50 |
| <u>Held through Montre Royale Distributors (Singapore) Pte Ltd</u> Societe Anonyme De La Montre Royale ^(b) Switzerland Commission agents and general trading (CRC Cabinet de Revision & Conseil S.A.) | 50 | 50 | 50 |

(a) Audited by RSM Chio Lim LLP.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

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18. INVESTMENTS IN ASSOCIATES (CONT'D)

These associates are considered not material to the reporting entity. The summarised financial information of these non-material associates and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are set out below. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

| | Group | | |
|---|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <hr/> | | | |
| <u>Aggregate for all non-material associates:</u> | | | |
| Assets | 5,130 | 5,090 | 5,109 |
| Liabilities | 51 | 33 | 21 |
| Revenue | 24 | 24 | 134 |
| Profit/(Loss) for the year | 14 | (47) | 52 |

19. TRADE AND OTHER RECEIVABLES, NON-CURRENT

| | Company | | |
|--|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <hr/> | | | |
| Loan receivable from subsidiary (Note 3) | – | – | 3,469 |
| <hr/> | | | |
| Movements during the year - at amortised cost: | | | |
| Amortised cost at beginning of the year | – | 3,469 | 5,403 |
| Amount received during the year | – | (300) | (1,934) |
| Reclassified as current (Note 22) | – | (3,169) | – |
| Balance at end of the year | – | – | 3,469 |

The loan receivables from subsidiary have no terms or interest and are not expected to be settled in the foreseeable future, as the repayment is dependent on the cash flows of the borrower. The fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

20. OTHER ASSETS, NON-CURRENT

| | Group | | |
|-----------------------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <hr/> | | | |
| Deposits to secure services | 5,040 | 5,265 | 5,018 |

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21. INVENTORIES

| | Group | | |
|--|------------|------------|------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Finished goods | | | |
| - at cost | 125,909 | 138,830 | 160,927 |
| - at net realisable value | 36,855 | 42,353 | 42,962 |
| Total finished goods at lower of cost and net realisable value | 162,764 | 181,183 | 203,889 |

Inventories are stated after allowance.

Movements in allowance:

| | | | |
|---|--------|--------|--------|
| Balance at beginning of the year | 12,544 | 11,376 | 10,036 |
| Charged to profit or loss included in cost of sales | 298 | 1,168 | 1,340 |
| Balance at end of the year | 12,842 | 12,544 | 11,376 |

The write-downs of inventories charged to profit or loss included in other losses (Note 7)

| | | | |
|---|--------|--------|--------|
| | 216 | 118 | 21 |
| Changes in inventories of finished goods decrease | 18,419 | 22,706 | 12,441 |

The inventory turnover was 173 days (2018: 186 days).

22. TRADE AND OTHER RECEIVABLES, CURRENT

| | Group | | |
|-----------------------------------|------------|------------|------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Trade receivables:</u> | | | |
| Outside parties | 4,609 | 7,360 | 9,036 |
| Less allowance for impairment | - | - | (5) |
| Subtotal | 4,609 | 7,360 | 9,031 |
| <u>Other receivables:</u> | | | |
| Other receivables | 5,654 | 5,414 | - |
| Subtotal | 5,654 | 5,414 | - |
| Total trade and other receivables | 10,263 | 12,774 | 9,031 |

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22. TRADE AND OTHER RECEIVABLES, CURRENT (CONT'D)

| | Company | | |
|---|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Other receivables:</u> | | | |
| Subsidiaries (Note 3) | 9,240 | 5,237 | 2,856 |
| Loan receivable from subsidiary (Note 19) | – | 3,169 | – |
| Other receivables | 6 | 6 | 6 |
| Less allowance for impairment on subsidiary | (18) | (18) | (18) |
| Subtotal | <u>9,228</u> | <u>8,394</u> | <u>2,844</u> |
| Total trade and other receivables | <u>9,228</u> | <u>8,394</u> | <u>2,844</u> |

Trade and other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Trade receivables are mainly NETS and credit card payments that will be settled in a few days and are considered to have low credit risk and customers which can be graded as low risk individually. Other receivables are normally with no fixed terms and therefore there is no maturity. Subsidiaries other receivables are regarded as of low credit risk if they are guaranteed by the parent or a related company with the ability to settle the amount. Other receivables at amortised and which can be graded as low risk individually are also considered to have low credit risk. No loss allowance is necessary except for the \$18,000 allowance for impairment on subsidiary at company level.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2018: 30 to 60 days). But some customers take a longer period to settle the amounts.

Concentration of group trade receivable customers as at the end of the reporting year:

| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
|-----------------|-------------------|-------------------|-------------------|
| | \$'000 | \$'000 | \$'000 |
| Top 1 customer | 1,976 | 3,007 | 1,501 |
| Top 2 customers | 2,071 | 4,007 | 2,608 |
| Top 3 customers | <u>2,151</u> | <u>4,157</u> | <u>3,203</u> |

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23. OTHER ASSETS, CURRENT

| | Group | | |
|-----------------------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Deposits to secure services | 36 | 1,204 | 1,505 |
| Prepayments | 1,691 | 1,656 | 944 |
| | <u>1,727</u> | <u>2,860</u> | <u>2,449</u> |

| | Company | | |
|-------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Prepayments | 67 | 13 | 13 |

24. CASH AND CASH EQUIVALENTS

| | Group | | |
|-----------------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Not restricted in use | 81,288 | 35,491 | 21,775 |

| | Company | | |
|-----------------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Not restricted in use | 2,426 | 504 | 375 |

The interest earning balances are insignificant. The amount represents bank balances with maturity of less than 90 days.

24A. CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS:

| | Group | | |
|---|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Amount as shown above | 81,288 | 35,491 | 21,775 |
| Bank overdrafts (Note 28) | - | - | (14) |
| Cash and cash equivalents for consolidated statement of cash flows purpose at end of the reporting year | <u>81,288</u> | <u>35,491</u> | <u>21,761</u> |

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24. CASH AND CASH EQUIVALENTS (CONT'D)

24B. NON-CASH TRANSACTIONS:

Included in additions to plant and equipment, there were:

- (a) Amount of \$471,000 (2018: \$277,000) acquired by means of finance leases.
- (b) Amount of \$106,000 (2018: \$463,000) being provision for dismantling and removing capitalised (Note 27).

24C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

| | 31.03.2018 \$'000 | Cash flows \$'000 | Non-cash Changes \$'000 | | 31.03.2019 \$'000 |
|---|----------------------|-------------------------|-------------------------------|-----|----------------------|
| Group | | | | | |
| Long-term borrowings | 3,750 | (3,750) | – | | – |
| Short-term borrowings | 39,777 | (16,372) | (142) | (a) | 23,263 |
| Finance lease liabilities | 592 | (343) | 471 | (b) | 720 |
| Total liabilities from financing activities | 44,119 | (20,465) | 329 | | 23,983 |

| | 01.04.2017 \$'000 | Cash flows \$'000 | Non-cash Changes \$'000 | | 31.03.2018 \$'000 |
|---|----------------------|-------------------------|-------------------------------|-----|----------------------|
| Group | | | | | |
| Long-term borrowings | 8,750 | (5,000) | – | | 3,750 |
| Short-term borrowings | 62,894 | (23,767) | 650 | (a) | 39,777 |
| Finance lease liabilities | 552 | (237) | 277 | (b) | 592 |
| Total liabilities from financing activities | 72,196 | (29,004) | 927 | | 44,119 |

- (a) Foreign exchange movements
- (b) Acquisition of plant and equipment

25. SHARE CAPITAL

| | Group and Company Number of shares issued | Share capital \$'000 |
|--|--|----------------------------|
| <u>Ordinary shares of no par value:</u> | | |
| Balance at 1 April 2017, 31 March 2018 and 31 March 2019 | 165,578,415 | 35,481 |

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

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25. SHARE CAPITAL (CONT'D)

In order to maintain its listing on the Singapore Stock Exchange, the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

| | Group | | |
|--|------------|------------|------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Net debt: | | | |
| All current and non-current borrowings including finance leases (Note 28) | 23,983 | 44,119 | 72,210 |
| Less cash and cash equivalents (Note 24) | (81,288) | (35,491) | (21,775) |
| Net (cash)/debt | (57,305) | 8,628 | 50,435 |
| Total equity | 207,447 | 185,907 | 166,004 |
| Debt-to-adjusted capital ratio | N.M. | 5% | 30% |

N.M. = not meaningful as the total cash and cash equivalent as at 31 March 2019 is larger than the total borrowings.

The debt to adjust capital ratio is not meaningful for the company as there is no significant external borrowings.

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26. OTHER RESERVE

| | Foreign currency translation reserve | | |
|--|---|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| | | (Restated) | (Restated) |
| Group | | | |
| At beginning of the year | (1,372) | – | 5,969 |
| Acquisition of subsidiaries without loss of control | – | – | 1,203 |
| Exchange differences on translating foreign operations | 392 | (1,372) | 1,660 |
| Reclassification on adoption of SFRS (I) 1 (Note 38) | – | – | (8,832) |
| At end of the year | (980) | (1,372) | – |

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The reserve is not available for cash dividends unless realised.

The foreign currency translation reserve accumulates all foreign exchange differences arising from the translation of financial statements of entities that are denominated in currencies other than the presentation currency of the company.

27. PROVISIONS, NON-CURRENT

| | Group | | |
|---|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| Provision for dismantling and removing (Note 27A) | 1,674 | 1,647 | 1,408 |
| Provision for employee benefit costs (Note 27B) | 213 | 145 | – |
| Total at the end of the year | 1,887 | 1,792 | 1,408 |

27A. PROVISION FOR DISMANTLING AND REMOVING

| | Group | | |
|---|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| Provision for dismantling and removing the item and restoring the site relating to property, plant and equipment: | | | |
| Movements in above provision: | | | |
| At beginning of the year | 1,647 | 1,408 | 1,316 |
| Additions | 106 | 463 | 158 |
| Used | (72) | (243) | (55) |
| Foreign exchange adjustments | (7) | 19 | (11) |
| At end of the year | 1,674 | 1,647 | 1,408 |

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased property. The estimate is based on quotations from external contractors. The unexpired terms range from 3 years to 5 years. The unwinding of discount is not significant.

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27. PROVISIONS, NON-CURRENT (CONT'D)

27B. PROVISION FOR EMPLOYEES' BENEFIT COSTS

The group maintains defined benefit scheme for employees in Thailand. The scheme is valued by management at the end of each year.

| | Group | | |
|------------------------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| At beginning of the year | 145 | - | - |
| Periodic benefit costs | 66 | 145 | - |
| Foreign exchange adjustments | 2 | - | - |
| At end of the year | <u>213</u> | <u>145</u> | <u>-</u> |

The following table is a summary of the assumptions relating to the actuarial technique as at the statement of financial position date:

| | Group | | |
|--------------------------|---|---|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Discount rate (%) | ThaiBMA 2018 | ThaiBMA 2017 | - |
| Salary increase rate (%) | 3.54% | 3.48% | - |
| Employee turnover (%) | 2.89% | 3.32% | - |
| Mortality | 100% of Thai mortality rate (TMO2017) | 100% of Thai mortality rate (TMO2017) | - |

The group has recorded provision for employee benefits as an expense in the statement of profit or loss for the year ended 31 March 2019 in accordance with the terms outlined in the Labour Protection Act (No. 7), BE 2562 is announced in the Royal Gazette on 5 April 2019 to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, received severance payment of 400 days of wages in the most recent wage.

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28. OTHER FINANCIAL LIABILITIES

| | Group | | |
|--|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Non-Current:</u> | | | |
| <u>Financial instruments with floating interest rates:</u> | | | |
| Bank loan D (Note 28D) | – | 3,750 | 8,750 |
| <u>Financial instruments with fixed interest rates:</u> | | | |
| Finance lease liabilities (Note 28F) | 491 | 366 | 337 |
| Non-current, total | 491 | 4,116 | 9,087 |

| | Group | | |
|--|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Current:</u> | | | |
| <u>Financial instruments with floating interest rates:</u> | | | |
| Bank overdrafts | – | – | 14 |
| Bank loan A (Note 28A) | 9,006 | 16,724 | 10,617 |
| Bank loan B (Note 28B) | 4,982 | 9,722 | 10,643 |
| Bank loan D (Note 28D) | 3,750 | 5,000 | 5,000 |
| Bills payable (Note 28E) | 5,525 | 8,331 | 34,495 |
| <u>Financial instruments with fixed interest rates:</u> | | | |
| Bank loan C (Note 28C) | – | – | 2,139 |
| Finance lease liabilities (Note 28F) | 229 | 226 | 215 |
| Current, total | 23,492 | 40,003 | 63,123 |
| Total | 23,983 | 44,119 | 72,210 |

| | Company | | |
|---|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Non-Current:</u> | | | |
| <u>Financial instruments with fixed interest rates:</u> | | | |
| Finance lease liabilities (Note 28F) | 106 | – | – |
| Non-current, total | 106 | – | – |
| <u>Current:</u> | | | |
| <u>Financial instruments with fixed interest rates:</u> | | | |
| Finance lease liabilities (Note 28F) | 67 | – | – |
| Current, total | 67 | – | – |
| Total | 173 | – | – |

Notes to the Financial Statements

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28. OTHER FINANCIAL LIABILITIES (CONT'D)

The non-current portion is repayable as follows:

| | Group | | |
|---------------------------|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| Due within 2 to 5 years | 491 | 4,116 | 9,087 |
| Total non-current portion | 491 | 4,116 | 9,087 |

| | Company | | |
|---------------------------|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| Due within 2 to 5 years | 106 | - | - |
| Total non-current portion | 106 | - | - |

The ranges of floating interest rate paid were as follows:

| | Group | | |
|-----------------|----------------|----------------|----------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| Bank overdrafts | - | 8.46% | 7.65% |
| Bank loans | 2.20% to 4.15% | 2.22% to 4.15% | 2.23% to 3.95% |
| Bills payable | 3.75% to 4.66% | 1.76% to 4.78% | 1.60% to 4.87% |

28A. BANK LOAN A

The bank loan pertains to working capital loans that are short term in nature, ranging between repayable on demand to 6 months. These loans are covered by corporate guarantee from the company.

The bank loans are at floating rates of interest. The fair value (Level 2) is a reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

28B. BANK LOAN B

The bank loan pertains to working capital loans that are short term in nature, ranging between repayable on demand to 6 months. These loans are covered by corporate guarantee from the company and a director of the subsidiary.

The bank loans are at floating rates of interest. The fair value (Level 2) is a reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

Notes to the Financial Statements

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28. OTHER FINANCIAL LIABILITIES (CONT'D)

28C. BANK LOAN C

The bank loan is repayable in monthly instalments of \$195,000 over 3 years commencing from March 2015. The loan was fully repaid in 2018.

28D. BANK LOAN D

The bank loan is repayable in equal quarterly instalments of \$1,250,000 over 3 years commencing from October 2016. The loan is covered by corporate guarantee from the company.

The bank loan is at floating interest rates. The fair value (Level 2) is a reasonable approximation of the carrying amount as it is for a short period. The loan is covered by corporate guarantee from the company.

28E. BILLS PAYABLE TO BANKS

The bills payable to banks are covered by a corporate guarantee from the company.

28F. FINANCE LEASES

| | Minimum payments \$'000 | Finance charges \$'000 | Present value \$'000 |
|--|-------------------------------|------------------------------|----------------------------|
| Group | | | |
| <u>31.03.2019</u> | | | |
| Minimum lease payments payable: | | | |
| Due within one year | 258 | (29) | 229 |
| Due within 2 to 5 years | 522 | (31) | 491 |
| Total | 780 | (60) | 720 |
| Carrying value of plant and equipment under finance leases | | | 1,544 |
| <u>31.03.2018</u> | | | |
| Minimum lease payments payable: | | | |
| Due within one year | 249 | (23) | 226 |
| Due within 2 to 5 years | 390 | (24) | 366 |
| Total | 639 | (47) | 592 |
| Carrying value of plant and equipment under finance leases | | | 1,192 |

Notes to the Financial Statements

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28. OTHER FINANCIAL LIABILITIES (CONT'D)

28F. FINANCE LEASES (CONT'D)

| | Minimum payments \$'000 | Finance charges \$'000 | Present value \$'000 |
|--|-------------------------------|------------------------------|----------------------------|
| Group | | | |
| <u>01.04.2017</u> | | | |
| Minimum lease payments payable: | | | |
| Due within one year | 237 | (22) | 215 |
| Due within 2 to 5 years | 362 | (25) | 337 |
| Total | 599 | (47) | 552 |
| Carrying value of plant and equipment under finance leases | | | 1,091 |
| Company | | | |
| <u>31.03.2019</u> | | | |
| Minimum lease payments payable: | | | |
| Due within one year | 73 | (6) | 67 |
| Due within 2 to 5 years | 110 | (4) | 106 |
| Total | 183 | (10) | 173 |
| Carrying value of plant and equipment under finance leases | | | 364 |

There is no finance lease as at 31 March 2018 and 1 April 2017 for the company.

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

| | Group | | |
|---|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| Average lease term, in years | 5 | 5 | 5 |
| Average effective borrowing rate per year | 4.33% to 5.50% | 4.33% to 5.24% | 2.0% to 6.29% |
| | Company | | |
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| Average lease term, in years | 3 | - | - |
| Average effective borrowing rate per year | 5.03% | - | - |

The total for finance leases and the average effective borrowing rate per year is disclosed above. The fair value (Level 2) is a reasonable approximation of the carrying amount.

Notes to the Financial Statements

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29. TRADE AND OTHER PAYABLES, CURRENT

| | Group | | |
|---|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <hr/> | | | |
| <u>Trade payables:</u> | | | |
| Outside parties and accrued liabilities | 31,436 | 17,634 | 16,959 |
| Related party (Note 3) | – | – | 144 |
| Trade payables – subtotal | <u>31,436</u> | <u>17,634</u> | <u>17,103</u> |

| | Company | | |
|---|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <hr/> | | | |
| <u>Trade payables:</u> | | | |
| Outside parties and accrued liabilities | 6,577 | 4,839 | 2,759 |
| Trade payables – subtotal | <u>6,577</u> | <u>4,839</u> | <u>2,759</u> |

| | | | |
|--------------------------------|--------------|--------------|---------------|
| <u>Other payables:</u> | | | |
| Subsidiaries (Note 3) | – | – | 19,955 |
| Other payables – subtotal | – | – | 19,955 |
| Total trade and other payables | <u>6,577</u> | <u>4,839</u> | <u>22,714</u> |

30. OTHER LIABILITIES

| | Group | | |
|--|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <hr/> | | | |
| Advanced deposits from customers - non-current | 655 | – | – |
| Advanced deposits from customers - current | <u>13,179</u> | <u>5,223</u> | <u>3,074</u> |

Notes to the Financial Statements

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31. FORWARD CURRENCY CONTRACTS

This includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts:

| | Principal \$'000 | Reference currency | Maturity | Fair value (loss)/gain \$'000 |
|----------------------------|---------------------|-----------------------|------------|-------------------------------------|
| <u>31.03.2019:</u> | | | | |
| Forward currency contracts | <u>2,174</u> | THB | April 2019 | <u>(11)</u> |
| <u>31.03.2018:</u> | | | | |
| Forward currency contracts | <u>977</u> | THB | April 2018 | <u>(4)</u> |
| <u>01.04.2017:</u> | | | | |
| Forward currency contracts | <u>1,686</u> | THB | April 2017 | <u>1</u> |

The fair value of the forward currency contracts are based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year (Level 2).

The fair values of forward currency contracts for reporting year ended 31 March 2019, 31 March 2018 and 31 March 2017 are not recorded in the financial statements as they are not material.

32. CONTINGENT LIABILITIES

| | Company | | |
|---|----------------------|----------------------|----------------------|
| | 31.03.2019 \$'000 | 31.03.2018 \$'000 | 01.04.2017 \$'000 |
| Corporate guarantee given to bank in favour of subsidiaries | 206,543 | 228,902 | 192,886 |
| Unsecured bank guarantee issued in favour of third parties | <u>4,196</u> | <u>4,151</u> | <u>4,365</u> |
| Undertaking to support subsidiaries with deficits | <u>150</u> | <u>144</u> | <u>147</u> |

Notes to the Financial Statements

31 MARCH 2019

33. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

| | Group | | |
|---------------------------------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Commitments for renovation of outlets | 102 | 605 | 2,317 |

34. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

| | Group | | |
|---|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| Not later than one year | 23,801 | 22,428 | 27,021 |
| Later than one year and not later than five years | 40,981 | 31,026 | 36,603 |
| Later than five years | 171 | – | – |
| | 64,953 | 53,454 | 63,624 |
| Rental expenses for the year | 26,537 | 28,861 | 29,599 |

Operating lease payments represent rentals payable by the group for its retail outlets and office premises. Certain lease terms are subjected to an escalation clause based on a percentage of sales derived. However, such contingent rentals have not been included in above. The lease rental terms are negotiated for an average of 1 to 5 years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

Notes to the Financial Statements

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35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

35A. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

| | Group | | |
|---|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <hr/> | | | |
| <u>Financial assets:</u> | | | |
| Financial assets at amortised cost | 91,551 | 48,265 | 30,806 |
| At end of the year | 91,551 | 48,265 | 30,806 |
| <hr/> | | | |
| <u>Financial liabilities:</u> | | | |
| Financial liabilities at amortised cost | 55,419 | 61,753 | 89,313 |
| At end of the year | 55,419 | 61,753 | 89,313 |
| <hr/> | | | |
| | Company | | |
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <hr/> | | | |
| <u>Financial assets:</u> | | | |
| Financial assets at amortised cost | 11,654 | 8,898 | 6,688 |
| At end of the year | 11,654 | 8,898 | 6,688 |
| <hr/> | | | |
| <u>Financial liabilities:</u> | | | |
| Financial liabilities at amortised cost | 6,750 | 4,839 | 22,174 |
| At end of the year | 6,750 | 4,839 | 22,174 |
| <hr/> | | | |

Further quantitative disclosures are included throughout these financial statements.

Notes to the Financial Statements

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35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

35B. FINANCIAL RISK MANAGEMENT

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

35C. FAIR VALUES OF FINANCIAL INSTRUMENTS

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

35D. CREDIT RISK ON FINANCIAL ASSETS

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

Notes to the Financial Statements

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35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

35E. LIQUIDITY RISK – FINANCIAL LIABILITIES MATURITY ANALYSIS

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

| | Less than 1 year \$'000 | 2 - 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
|--|-------------------------------|--------------------------|---------------------------|-----------------|
| Group | | | | |
| <u>Non-derivative financial liabilities:</u> | | | | |
| <u>31.03.2019</u> | | | | |
| Gross borrowings commitments | 23,605 | – | – | 23,605 |
| Gross finance lease obligations | 258 | 522 | – | 780 |
| Trade and other payables | 31,436 | – | – | 31,436 |
| At end of the year | <u>55,299</u> | <u>522</u> | <u>–</u> | <u>55,821</u> |
| <u>31.03.2018</u> | | | | |
| Gross borrowings commitments | 40,407 | 3,816 | – | 44,223 |
| Gross finance lease obligations | 249 | 390 | – | 639 |
| Trade and other payables | 17,634 | – | – | 17,634 |
| At end of the year | <u>58,290</u> | <u>4,206</u> | <u>–</u> | <u>62,496</u> |
| <u>01.04.2017</u> | | | | |
| Gross borrowings commitments | 63,450 | 8,945 | – | 72,395 |
| Gross finance lease obligations | 237 | 362 | – | 599 |
| Trade and other payables | 17,103 | – | – | 17,103 |
| At end of the year | <u>80,790</u> | <u>9,307</u> | <u>–</u> | <u>90,097</u> |
| Company | | | | |
| <u>Non-derivative financial liabilities:</u> | | | | |
| <u>31.03.2019</u> | | | | |
| Gross finance lease obligations | 73 | 110 | – | 183 |
| Trade and other payables | 6,577 | – | – | 6,577 |
| At end of the year | <u>6,650</u> | <u>110</u> | <u>–</u> | <u>6,760</u> |
| <u>31.03.2018</u> | | | | |
| Trade and other payables | 4,839 | – | – | 4,839 |
| At end of the year | <u>4,839</u> | <u>–</u> | <u>–</u> | <u>4,839</u> |
| <u>01.04.2017</u> | | | | |
| Trade and other payables | 22,714 | – | – | 22,714 |
| At end of the year | <u>22,714</u> | <u>–</u> | <u>–</u> | <u>22,714</u> |

Notes to the Financial Statements

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35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

35E. LIQUIDITY RISK – FINANCIAL LIABILITIES MATURITY ANALYSIS (CONT'D)

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

| | Less than 1 year \$'000 | Total \$'000 |
|--|--|-------------------------|
| <u>Derivative financial liabilities:</u> | | |
| <u>31.03.2019</u> | | |
| Forward currency contracts | 2,174 | 2,174 |
| At end of the year | 2,174 | 2,174 |
| <u>31.03.2018</u> | | |
| Forward currency contracts | 977 | 977 |
| At end of the year | 977 | 977 |
| <u>01.04.2017</u> | | |
| Forward currency contracts | 1,686 | 1,686 |
| At end of the year | 1,686 | 1,686 |

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable (See Note 32).

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35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

35E. LIQUIDITY RISK – FINANCIAL LIABILITIES MATURITY ANALYSIS (CONT'D)

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2018: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity and undrawn borrowing facilities are expected to generate sufficient cash inflows.

| | Group | | |
|------------------------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Bank Facilities:</u> | | | |
| Undrawn borrowing facilities | 157,736 | 155,612 | 121,229 |

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

35F. INTEREST RATE RISK

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

| | Group | | |
|-------------------------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Financial liabilities:</u> | | | |
| Fixed rate | 720 | 592 | 2,691 |
| Floating rate | 23,263 | 43,527 | 69,519 |
| At end of the year | 23,983 | 44,119 | 72,210 |

| | Company | | |
|-------------------------------|-------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 01.04.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Financial liabilities:</u> | | | |
| Fixed rate | 173 | – | – |
| At end of the year | 173 | – | – |

The floating rate debt instruments are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the relevant notes.

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35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

35F. INTEREST RATE RISK (CONT'D)

Sensitivity Analysis:

| | 31.03.2019 | Group 31.03.2018 | 01.04.2017 |
|---|-------------------|-----------------------------|-------------------|
| | \$'000 | \$'000 | \$'000 |
| <u>Financial liabilities:</u> | | | |
| A hypothetical variation in interest rates by 50 basis points with all other variables held constant, would have an increase/decrease in pre-tax profit for the year by | 116 | 218 | 348 |

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

In management's opinion, the above effective interest rates are unrepresentative of the inherent interest risks as the historical exposure does not reflect the exposure in the future.

35G. FOREIGN CURRENCY RISKS

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of significant amounts denominated in non-functional currencies of respective entities in the group:

Notes to the Financial Statements

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35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

35G. FOREIGN CURRENCY RISKS (CONT'D)

| | Singapore Dollars \$'000 | Swiss Franc \$'000 | Malaysia Ringgit \$'000 | Others \$'000 | Total \$'000 |
|--|--------------------------------|--------------------------|-------------------------------|------------------|-----------------|
| Group | | | | | |
| <u>31.03.2019</u> | | | | | |
| <u>Financial assets:</u> | | | | | |
| Cash | 110 | 682 | 60 | 9 | 861 |
| Loans and receivables | - | - | 5 | - | 5 |
| Total financial assets | 110 | 682 | 65 | 9 | 866 |
| <u>Financial liabilities:</u> | | | | | |
| Trade and other payables | 3,119 | 494 | - | 102 | 3,715 |
| Total financial liabilities | 3,119 | 494 | - | 102 | 3,715 |
| Net financial (liabilities) / assets at end of the year | (3,009) | 188 | 65 | (93) | (2,849) |

| | Singapore Dollars \$'000 | Swiss Franc \$'000 | Malaysia Ringgit \$'000 | Others \$'000 | Total \$'000 |
|--|--------------------------------|--------------------------|-------------------------------|------------------|-----------------|
| Group | | | | | |
| <u>31.03.2018</u> | | | | | |
| <u>Financial assets:</u> | | | | | |
| Cash | 110 | 169 | 481 | 9 | 769 |
| Loans and receivables | 4 | 554 | 11 | - | 569 |
| Total financial assets | 114 | 723 | 492 | 9 | 1,338 |
| <u>Financial liabilities:</u> | | | | | |
| Trade and other payables | 932 | 497 | - | 104 | 1,533 |
| Total financial liabilities | 932 | 497 | - | 104 | 1,533 |
| Net financial (liabilities) / assets at end of the year | (818) | 226 | 492 | (95) | (195) |

Notes to the Financial Statements

31 MARCH 2019

35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

35G. FOREIGN CURRENCY RISKS (CONT'D)

| | Singapore Dollars \$'000 | Swiss Franc \$'000 | Malaysia Ringgit \$'000 | Others \$'000 | Total \$'000 |
|--|--------------------------------|--------------------------|-------------------------------|------------------|-----------------|
| Group | | | | | |
| <u>01.04.2017</u> | | | | | |
| <u>Financial assets:</u> | | | | | |
| Cash | 110 | 166 | 237 | 10 | 523 |
| Loans and receivables | 4 | 5 | 64 | – | 73 |
| Total financial assets | 114 | 171 | 301 | 10 | 596 |
| <u>Financial liabilities:</u> | | | | | |
| Trade and other payables | 1,858 | 364 | – | 123 | 2,345 |
| Total financial liabilities | 1,858 | 364 | – | 123 | 2,345 |
| Net financial (liabilities) / assets at end of the year | (1,744) | (193) | 301 | (113) | (1,749) |

There is exposure to foreign currency risk as part of its normal business activities.

The company does not have any financial assets and financial liabilities amounts denominated in non-functional currency.

Sensitivity analysis: The effect on post-tax profit is not significant.

36. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018.

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Adoption of the applicable new or revised standards has resulted in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement as disclosed in Note 38.

| SFRS(I) No. | Title |
|----------------|---|
| SFRS(I) 1 | First-time Adoption of Singapore Financial Reporting Standards (International) |
| SFRS(I) 9 | Financial Instruments |
| SFRS(I) 15 | Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers |
| SFRS(I) INT 22 | Foreign Currency Transactions and Advance Consideration |

Notes to the Financial Statements

31 MARCH 2019

37. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. Adoption of the applicable new or revised standards are expected to result in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement. Those that are expected to have a material impact are described below.

| SFRS(I) No. | Title | Effective date for periods beginning on or after |
|--------------------|---|---|
| SFRS(I) 16 | Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards) | 1 Jan 2019 |
| SFRS(I) INT 23 | Uncertainty over Income Tax Treatments | 1 Jan 2019 |
| SFRS(I) 1-12 | Improvements (2017) – Amendments: Income Taxes | 1 Jan 2019 |
| SFRS(I) 1-23 | Improvements (2017) – Amendments: Borrowing Costs | 1 Jan 2019 |
| SFRS(I) 3 | Improvements (2017) – Amendments: Business Combinations | 1 Jan 2019 |

SFRS(I) 16

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the entity's non-cancellable operating lease commitments as at 31 March 2019 shown in Note 34, an assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the group will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. The table below shows the amount by which each financial statement line will be impacted (debits / credits) by the application of the new standard on leases.

| | 01.04.2019 |
|---|-------------------|
| | \$'000 |
| <u>Statement of financial position:</u> | |
| Right to use assets | 61,461 |
| Lease liabilities | <u>(61,461)</u> |

Notes to the Financial Statements

31 MARCH 2019

38. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENTS OF COMPARATIVE FIGURES

Effective from beginning of the current reporting year certain new or revised financial reporting standards were adopted as mentioned in Note 36. Adoption of those policies and any other changes have resulted in some changes in the application of the accounting policies and some modifications to financial statements presentation and these changes are summarised below.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International):

The Group has elected for the optional exemption under SFRS (I) 1 to reset its foreign currency translation differences for all foreign operation to nil at the date of transition on 1 April 2017. As a result, a cumulative translation loss of S\$8.8 million was reclassified from foreign currency translation reserve to accumulated profit as at 1 April 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before date of transition.

| | As per SFRS(I) 1 \$'000 | Previous GAAP \$'000 | Difference \$'000 |
|--|--|-------------------------------------|------------------------------|
| Group | | | |
| <u>31.03.2018 Statement of financial position:</u> | | | |
| Translation reserve | 1,372 | (7,460) | 8,832 |
| Retained earnings | 141,402 | 150,234 | (8,832) |
| <u>01.04.2017 Statement of financial position:</u> | | | |
| Translation reserve | – | (8,832) | 8,832 |
| Retained earnings | 124,022 | 132,854 | (8,832) |

Shareholding Statistics

AS AT 12 JUNE 2019

Number of issued Shares : 165,578,415
 Number of treasury shares : Nil
 Class of shares : Ordinary shares
 Voting rights : One vote per share

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 – 99 | 1 | 0.22 | 50 | 0.00 |
| 100 – 1,000 | 74 | 16.08 | 62,000 | 0.03 |
| 1,001 – 10,000 | 284 | 61.74 | 1,270,550 | 0.77 |
| 10,001 – 1,000,000 | 88 | 19.13 | 5,773,800 | 3.49 |
| 1,000,001 and above | 13 | 2.83 | 158,472,015 | 95.71 |
| Total | 460 | 100.00 | 165,578,415 | 100.00 |

| No. | Name | No. of Shares | % |
|--------------|---------------------------------------|--------------------|--------------|
| 1 | LIM KEEN BAN HOLDINGS PTE LTD | 52,657,490 | 31.80 |
| 2 | HENRY TAY YUN CHWAN | 21,016,000 | 12.69 |
| 3 | MING YAW PTE LTD | 17,410,935 | 10.52 |
| 4 | RAFFLES NOMINEES(PTE) LIMITED | 12,043,100 | 7.27 |
| 5 | YU CHUEN TEK | 8,835,015 | 5.34 |
| 6 | LONG FOO PIENG | 8,270,000 | 4.99 |
| 7 | RENNICK PTE LTD | 7,310,000 | 4.41 |
| 8 | FOO SEE JIN MICHAEL | 7,107,320 | 4.29 |
| 9 | YU LEE CHIUN | 6,880,010 | 4.16 |
| 10 | YU YUNG TEK | 6,880,010 | 4.16 |
| 11 | PHILLIP SECURITIES PTE LTD | 3,916,400 | 2.37 |
| 12 | DBS NOMINEES PTE LTD | 3,375,100 | 2.04 |
| 13 | LONG AH HIAN | 2,770,635 | 1.67 |
| 14 | HOW SOW CHUEN | 791,000 | 0.48 |
| 15 | HUI YI WAN | 600,000 | 0.36 |
| 16 | JEREMY TAN JUN DA | 486,000 | 0.29 |
| 17 | CHEAH YOK KIAN | 350,000 | 0.21 |
| 18 | TAN SOO YONG | 250,000 | 0.15 |
| 19 | LOH YONG HUAT | 200,000 | 0.12 |
| 20 | SEOW KHOW HO CATHERINE @SEOW KHOW HOE | 161,900 | 0.10 |
| Total | | 161,310,915 | 97.42 |

Shareholding Statistics

AS AT 12 JUNE 2019

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 12 June 2019, approximately 17.37% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

| Size of Shareholdings | Direct Interests | | Deemed interests | |
|---|---------------------|-------|------------------|-------|
| | No. of Shareholders | % | No. of Shares | % |
| Lim Keen Ban Holdings Pte Ltd | 52,657,490 | 31.80 | – | – |
| Lim Keen Ban ⁽¹⁾ | – | – | 70,068,425 | 42.32 |
| Chia Nyok Song@Cheah Yoke Heng ⁽¹⁾ | – | – | 70,068,425 | 42.32 |
| Lim Jit Ming ⁽²⁾ | – | – | 52,657,490 | 31.80 |
| Lim Jit Yaw ⁽¹⁾ | – | – | 70,068,425 | 42.32 |
| Lim Yin Chian ⁽¹⁾ | – | – | 70,068,425 | 42.32 |
| Henry Tay Yun Chwan | 21,016,000 | 12.69 | – | – |
| Ming Yaw Pte Ltd | 17,410,935 | 10.52 | – | – |
| Yu Chuen Tek ⁽³⁾ | 8,835,015 | 5.34 | 7,428,000 | 4.49 |
| Maria Norma D Yu ⁽³⁾ | 118,000 | 0.07 | 16,145,015 | 9.75 |

Notes:

- (1) Mr Lim Keen Ban, Mdm Chia Nyok Song@Cheah Yoke Heng, Mr Lim Jit Yaw and Ms Lim Yin Chian are deemed interested in the 52,657,490 shares held by Lim Keen Ban Holdings Pte Ltd. and the 17,410,935 shares held by Ming Yaw Pte Ltd.
- (2) Mr Lim Jit Ming is deemed interested in the 52,657,490 shares held by Lim Keen Ban Holdings Pte Ltd.
- (3) Mr Yu Chuen Tek is the spouse of Mdm Maria Norma D Yu. Both jointly owned Rennick Pte Ltd. Mr Yu Chuen Tek is deemed to be interested in the 118,000 shares held by Mdm Maria and 7,310,000 shares held by Rennick Pte Ltd. Mdm Maria is deemed to be interested in the 8,835,015 shares held by Mr Yu and 7,310,000 shares held by Rennick Pte Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cortina Holdings Limited will be held at York Hotel, 21 Mount Elizabeth, Singapore 228516 on Friday, 26 July 2019 at 9.00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors' Statement for the financial year ended 31 March 2019 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of 2 cents per share and a special one-tier tax exempt dividend of 3.5 cents per share for the financial year ended 31 March 2019 (2018: a final one-tier tax exempt dividend of 2 cents per share and a special one-tier tax exempt dividend of 2.5 cents per share). **(Resolution 2)**
3. To approve the Directors' Fee of S\$596,516 for the financial year ending 31 March 2020 (2019: S\$589,875). **(Resolution 3)**
4. To re-elect the following directors who will retire by rotation pursuant to Article 91 of the Company's Constitution and whom being eligible, are offering themselves for re-election:
 - (i) Mr Lim Keen Ban **(Resolution 4)**
 - (ii) Mr Lau Ping Sum Pearce **(Resolution 5)**
 - (iii) Mr Long Foo Pieng **(Resolution 6)****(See Explanatory Note 1)**
5. To re-elect Mr Chuang Keng Chiew, a director retiring under Article 97 of the Company's Constitution. **(Resolution 7)**
(See Explanatory Note 2)
6. To re-appoint RSM Chio Lim LLP as Auditors of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

7. Authority to allot and issue shares

"That, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to:

- (a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

Notice of Annual General Meeting

- (b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:
- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (A) new shares arising from the conversion or exercise of convertible securities, and
 - (B) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
 - (C) any subsequent bonus issue, consolidation or subdivision of the Company's shares,
 - (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 9)
(See Explanatory Note 3)

ANY OTHER BUSINESS

7. To transact any other business that may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

11 July 2019

Notice of Annual General Meeting

Explanatory Notes

1. Detailed information on Mr Lim Keen Ban, Mr Lau Ping Sum Pearce and Mr Long Foo Pieng can be found under the “Board of Directors” section in the Company’s Annual Report 2019.

Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) requires all directors to be subject to re-nomination and re-appointment at least once every three years. Mr Lim Keen Ban, Mr Lau Ping Sum Pearce and Mr Long Foo Pieng retire pursuant to Article 91 of the Constitution (read with Rule 720(5) of the Listing Manual of the SGX-ST).

Mr Lau Ping Sum Pearce will, upon re-election as a Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the **SGX-ST**. He will remain as the Chairman of both the Remuneration and Nominating Committees.

2. Mr Chuang Keng Chiew will, upon re-election as a Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). He will remain as a member of the Remuneration and Nominating Committees. Detailed information on Mr Chuang Keng Chiew can be found on “Board of Directors” section in the Company’s Annual Report 2019.
3. **Resolution 9**, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the Resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company for this purpose shall be the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this Resolution is passed and any subsequent bonus issues, consolidation or subdivision of the Company’s shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member’s form of proxy appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two proxies to attend, speak and vote at the meeting.
3. A proxy need not be a member of the Company.
4. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
5. The instrument appointing a proxy must be deposited at 333 North Bridge Road #08-00 KH KEA Building Singapore 188721 not later than 48 hours before the time appointed for the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

Notice of Annual General Meeting

NOTICE OF BOOKS CLOSURE DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Cortina Holdings Limited (the “**Company**”) will be closed on 8 August 2019 after 5:00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company’s Share Registrar, KCK CorpServe Pte. Ltd., 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 up to 5.00 p.m. on 8 August 2019 will be registered to determine shareholders’ entitlements to the proposed final dividend and special dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 8 August 2019 will be entitled to the proposed final dividend and special dividend.

The proposed dividends, if approved by shareholders at the Annual General Meeting to be held on 26 July 2019 will be paid on 20 August 2019.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

11 July 2019

Corporate Listings

CORPORATE OFFICE

Cortina Holdings Limited

391B Orchard Road
#18-01, Ngee Ann City Tower B
Singapore 238874
Tel: (+65) 6339 9447
Fax: (+65) 6336 4939
www.cortina.com.sg

SINGAPORE

OFFICE

Cortina Watch Pte Ltd

391B Orchard Road
#18-01, Ngee Ann City Tower B
Singapore 238874
Tel: (+65) 6339 9447
Fax: (+65) 6336 4939 / 6336 7913
www.cortinawatch.com
www.cortinawatch.online

DISTRIBUTION DIVISION

Chronoswiss Asia Pte Ltd

391B Orchard Road
#18-06, Ngee Ann City Tower B
Singapore 238874
Tel: (+65) 6271 9600
Fax: (+65) 6271 4711

Pacific Time Pte Ltd

391B Orchard Road
#18-06, Ngee Ann City Tower B
Singapore 238874
Tel: (+65) 6271 9600
Fax: (+65) 6271 4711

MULTI-BRANDS

Capitol Piazza

15 Stamford Road
#01-77/78/79/80, Capitol Piazza
Singapore 178906
Tel: (+65) 6384 3250
Fax: (+65) 6384 4143

Mandarin Gallery

333A Orchard Road
#01-07, Mandarin Gallery
Singapore 238897
Tel: (+65) 6732 0892
Fax: (+65) 6732 0796

MULTI-BRANDS

Paragon

290 Orchard Road
#01-13/14/15/16, Paragon
Singapore 238859
Tel: (+65) 6235 0084
Fax: (+65) 6738 1641

Raffles City

252 North Bridge Road
#01-36/36A/36B
Raffles City Shopping Centre
Singapore 179103
Tel: (+65) 6339 9185
Fax: (+65) 6339 1566

SPECIALIST

Patek Philippe ION

2 Orchard Turn
#02-01/02/03, ION Orchard
Singapore 238801
Tel: (+65) 6509 9238
Fax: (+65) 6509 9239

Patek Philippe MBS

2 Bayfront Avenue
#B2-239
The Shoppes At Marina Bay Sands
Singapore 018972
Tel: (+65) 6688 7008
Fax: (+65) 6688 7800

Rolex Marina Square

6 Raffles Boulevard
#02-38, Marina Square
Singapore 039594
Tel: (+65) 6250 7712
Fax: (+65) 6250 7069

Corporate Listings

MALAYSIA

OFFICE

Cortina Watch Sdn Bhd

Suite 2206, 22nd Floor
Central Plaza No. 34
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel: (+603) 2148 8354 / (+603) 2148 2814
Fax: (+603) 2145 1866

MULTI-BRANDS

Fahrenheit 88

G03, Ground Floor
Fahrenheit 88
No. 179 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia
Tel: (+603) 2142 1161 / (+603) 2142 1171
Fax: (+603) 2142 1172

Imago Shopping Mall

Lot G-09 & G-10A
Imago Shopping Mall
KK Times Square Phase 2
Off Coastal Highway
88100 Kota Kinabalu, Sabah
Malaysia
Tel: (+608) 8277 818 / (+608) 8277 218
Fax: (+608) 8277 318

Starhill Gallery

UG34, Adorn Floor
Starhill Gallery
No. 181 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia
Tel: (+603) 2144 1188 / (+603) 2144 2188
Fax: (+603) 2144 3188

Suria KLCC

Lot 110, First Floor, Suria KLCC
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia
Tel: (+603) 2164 5175 / (+603) 2166 6355
Fax: (+603) 2166 5575

SPECIALIST

Breitling KLCC

LOT 105A, First Floor, Suria KLCC
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia
Tel: (+603) 2166 6811 / (+603) 2166-3811
Fax: (+603) 2166 7811

Patek Philippe KLCC

G43 & G43B-C
Ground Floor, Suria KLCC
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia
Tel: (+603) 2161 3611
Fax: (+603) 2161 3911

Rolex Gurney Plaza Penang

170-G-33/33A, Ground Floor
Plaza Gurney, Persiaran Gurney
10250 Penang
Malaysia
Tel: (+604) 227 1026 / (+604) 227 1239
Fax: (+604) 227 0871

Rolex Starhill Gallery

UG34A, Adorn Floor
Starhill Gallery
No. 181 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia
Tel: (+603) 2144 1811 / (+603) 2144 3811
Fax: (+603) 2144 1899

Tag Heuer KLCC

Lot 105B, First Floor
Suria KLCC
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia
Tel: (+603) 2164 2118
Fax: (+603) 2164 4118

Corporate Listings

THAILAND

OFFICE

Cortina Watch (Thailand) Co., Ltd

26/50, 14th Floor, Orakarn Building
Soi Chidlom, Ploenchit Road, Lumpini
Pathumwan, Bangkok 10330
Thailand

Tel: (+66) 2254 1031

Fax: (+66) 2254 1030

MULTI-BRANDS

Central Embassy

Room no. G-02, Central Embassy
1031 Ploenchit Road
Lumpini, Pathumwan
Bangkok 10330
Thailand

Tel: (+66) 2160 5724

Fax: (+66) 2160 5725

Central Plaza Ladprao

Room 103, 1st Floor
Central Plaza Ladprao
1697 Phahonyothin Road, Chatuchak
Chatuchak, Bangkok 10900
Thailand

Tel: (+66) 2937 0890

Fax: (+66) 2937 0895

MULTI-BRANDS

Erawan Bangkok

Room 01-15A, 1st Floor
Erawan Bangkok
494 Ploenchit Road, Lumpini
Pathumwan, Bangkok 10330
Thailand

Tel: (+66) 2250 7881

Fax: (+66) 2250 7882

Espace: Erawan Bangkok

Room 109, 110, 112, 116
1st Floor
Erawan Bangkok
494 Ploenchit Road, Lumpini
Pathumwan, Bangkok 10330
Thailand

Tel: (+66) 2250 7999

Fax: (+66) 2250 7799

Corporate Listings

TAIWAN

OFFICE

Cortina Watch Co., Ltd

9F, No. 97, Songren Rd.
Xinyi District, Taipei City 110
Taiwan, Republic of China
Tel: (+886) 2 8780 5088
Fax: (+886) 2 8780 2090

SPECIALIST

Patek Philippe Taipei 101 Mall

2F, No. 45, Shifu Road, Taipei
Taiwan, Republic of China
Tel: (+886) 2 8101 8201
Fax: (+886) 2 8101 8222

MULTI-BRANDS

Regent Galleria

B1, No. 3, Lane 39, Section 2
Zhongshan North Road, Taipei 104
Taiwan, Republic of China
Tel: (+886) 2 2563 5828
Fax: (+886) 2 2563 1055

HONG KONG

OFFICE

Cortina Watch HK Limited

3/F Wing Cheong House
53 Queen's Road Central
Hong Kong
Tel: (+852) 2537 6236
Fax: (+852) 2537 9612

SPECIALIST

Patek Philippe Queen's Road Central

53, Queen's Road Central
Ground Floor
Hong Kong
Tel: (+852) 2522 0645
Fax: (+852) 2522 8898

INDONESIA

SPECIALIST

Patek Philippe Plaza Indonesia

Plaza Indonesia
Level 1, #35 - 38
Jalan M.H. Thamrin Kav 28 - 30
Jakarta 10350
Indonesia
Tel: (+6221) 2992 4555
Fax: (+6221) 2992 4333

CORTINA HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 197201771W

Proxy Form

ANNUAL GENERAL MEETING

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF moneys to buy shares in CORTINA HOLDINGS LIMITED, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, _____

of _____

being a member/members of Cortina Holdings Limited (the "Company"), hereby appoint

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings to be represented by proxy (%) |
|--------------------------------|---------|-----------------------|--|
| | | | |
| and/or (delete as appropriate) | | | |
| | | | |

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at York Hotel, 21 Mount Elizabeth, Singapore 228516 on Friday, 26 July 2019 at 9.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated with an (x) or (✓) in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

| No. | Resolutions relating to: | For | Against |
|-----|--|-----|---------|
| 1. | To receive and adopt the Audited Financial Statements and Directors' Statement for the financial year ended 31 March 2019 together with the Auditors' Report thereon. | | |
| 2. | To declare a final one-tier tax exempt dividend of 2 cents per share and a special one-tier tax exempt dividend of 3.5 cents per share for the financial year ended 31 March 2019. | | |
| 3. | To approve the Directors' Fee of S\$596,516 for the financial year ending 31 March 2020. | | |
| 4. | To re-elect Mr Lim Keen Ban as a Director. | | |
| 5. | To re-elect Mr Lau Ping Sum Pearce as a Director. | | |
| 6. | To re-elect Mr Long Foo Pieng as a Director. | | |
| 7. | To re-elect Mr Chuang Keng Chiew as a Director. | | |
| 8. | To re-appoint RSM Chio Lim LLP as Auditors and to authorise the Directors to fix their remuneration. | | |
| 9. | To authorize the Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50. | | |

* delete as appropriate

Dated this _____ day of _____ 2019

Total Number of Shares Held

Signature(s) of Member(s)/Common Seal

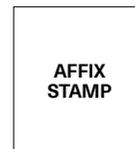


IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. A member of the Company (other than a relevant intermediary as defined in Section 181 of the Companies Act, Cap.50) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his stead. Such proxy need not be a member of the Company.
2. A relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the meeting and vote.
3. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting.
Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
6. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Company's Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721, not later than 48 hours before the time set for the Annual General Meeting.
8. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited) he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
11. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

Fold here



The Company Secretary
CORTINA HOLDINGS LIMITED
c/o 333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

Corporate Information

BOARD OF DIRECTORS

Mr Lim Keen Ban, Anthony

Chairman and CEO

Mr Lim Jit Ming, Raymond

Deputy Chairman and Deputy CEO

Mr Yu Chuen Tek, Victor

Senior Executive Director

Mr Lim Jit Yaw, Jeremy

Executive Director

Mr Chin Sek Peng, Michael

Lead Independent Director

Mr Lau Ping Sum, Pearce

Independent Director

Mr Lee Ah Fong, James

Independent Director

Mr Foo See Jin, Michael

Independent Director

Mr Long Foo Pieng, Benny

Independent Director

Mr Chuang Keng Chiew

Independent Director

COMPANY SECRETARIES

Ms Foo Soon Soo

FCIS, FCPA (Singapore),
FCPA (Australia), LLB
(HONS) (London)

Ms Sapphira Low Bing Yoke

ACIS

AUDIT COMMITTEE

Mr Chin Sek Peng, Michael

Chairman

Mr Lau Ping Sum, Pearce

Mr Chuang Keng Chiew

REMUNERATION COMMITTEE

Mr Lau Ping Sum, Pearce

Chairman

Mr Foo See Jin, Michael

Mr Chuang Keng Chiew

NOMINATING COMMITTEE

Mr Lau Ping Sum, Pearce

Chairman

Mr Chin Sek Peng, Michael

Mr Yu Chuen Tek, Victor

Mr Chuang Keng Chiew

REGISTERED OFFICE

391B Orchard Road #18-01
Ngee Ann City Tower B
Singapore 238874
Tel: (65) 6339 9447
Fax: (65) 6336 7913
www.cortina.com.sg
Co. Registration No.: 197201771W

REGISTRAR AND SHARE TRANSFER OFFICE

KCK CorpServe Pte Ltd

333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

Person-in-charge:
Ms Foo Soon Soo

AUDITORS

RSM Chio Lim LLP

8 Wilkie Road #03-08
Wilkie Edge
Singapore 228095

Partner-in-charge:
Ms Woo E-Sah
(a member of the Institute of
Singapore Chartered
Accountants)
Year of Appointment:
Reporting year ended
31 March 2017

CORTINA HOLDINGS LIMITED

391B Orchard Road
#18-01 Ngee Ann City Tower B
Singapore 238874
Tel: +65-6339-9447
Fax: +65-6336-4939

www.cortina.com.sg

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